

Clay County Moorhead, MN



Clay County fair celebrating "100 years!"

Annual Financial Report For Year Ending December 31, 2013

**CLAY COUNTY
MOORHEAD, MINNESOTA**

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Introductory Section		
Transmittal Letter		i
Organization		1
Financial Section		
Independent Auditor's Report		2
Management's Discussion and Analysis		5
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	1	16
Statement of Activities	2	18
Fund Financial Statements		
Governmental Funds		
Balance Sheet	3	20
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position--Governmental Activities	4	24
Statement of Revenues, Expenditures, and Changes in Fund Balance	5	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities--Governmental Activities	6	29
Proprietary Funds		
Statement of Fund Net Position	7	31
Statement of Revenues, Expenses, and Changes in Fund Net Position	8	35
Statement of Cash Flows	9	37
Fiduciary Funds		
Statement of Fiduciary Net Position	10	41
Notes to the Financial Statements		42
Required Supplementary Information		
Budgetary Comparison Schedules		
General Fund	A-1	93
Road and Bridge Special Revenue Fund	A-2	96
Social Services Special Revenue Fund	A-3	97
Schedule of Funding Progress - Other Postemployment Benefits	A-4	98
Notes to the Required Supplementary Information		99

**CLAY COUNTY
MOORHEAD, MINNESOTA**

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Financial Section (Continued)		
Supplementary Information		
Nonmajor Governmental Funds		101
Combining Balance Sheet	B-1	102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	B-2	103
Combining Balance Sheet - Special Revenue Funds	B-3	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Special Revenue Funds	B-4	105
Combining Balance Sheet - Debt Service Funds	B-5	106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Debt Service Funds	B-6	108
Budgetary Comparison Schedules		
County Building Special Revenue Fund	B-7	110
County Projects Debt Service Fund	B-8	111
Courthouse Expansion Debt Service Fund	B-9	112
Joint Highway Facility Debt Service Fund	B-10	113
Law Enforcement Expansion Debt Service Fund	B-11	114
Fiduciary Funds		115
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	C-1	116
Other Schedules		
Schedule of Intergovernmental Revenue	D-1	119
Schedule of Expenditures of Federal Awards	D-2	121
Notes to the Schedule of Expenditures of Federal Awards		124

INTRODUCTORY SECTION

This page was left blank intentionally.

COUNTY AUDITOR

LORI J. JOHNSON

Office Telephone: (218) 299-5006

Fax: (218) 299-5195



Honorable Chairman and Commissioners
Clay County Board of Commissioners
807 North 11th Street
Moorhead, MN 56560

Gentlemen,

The Annual Financial Report of Clay County is submitted for the fiscal year ended December 31, 2013. This report was prepared by the County Auditor's Office. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position of the County and results of operation of the County, as measured by the financial activity of its various funds, and all disclosures necessary to enable maximum understanding of the County's financial affairs.

The Annual Financial Report is presented in two sections: Introductory and Financial. The Introductory Section includes this transmittal letter and the County's organizational chart. The Financial Section includes the Management's Discussion and Analysis, the Basic Financial Statements, the Required Supplementary Information, and the Supplementary Information.

This report includes all of the funds and entities, which are considered to be under the direction and control of the County Board. The County provides a full range of services including public safety and law enforcement; courts and probation services; tax assessment and collection; vital statistics and public records; human services; highways, planning, inspection, and environmental health; and recreation and cultural services.

Copies of this report will be sent to elected officials, County management, bond rating agencies, and governmental agencies, which have expressed an interest in Clay County's financial affairs.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements, presented with the basic financial statements, are an integral part of this Annual Financial Report and should be read for a full understanding of the statements and information presented herein.

Page i

INDEPENDENT AUDIT

Minnesota State Law requires an audit to be made of the books of accounts, financial records, and transactions of the County by the State Auditor. This requirement has been complied with, and the Auditor's opinion is included in this report.

The State Auditor will issue a management and compliance letter covering the review, made as part of their examination of Clay County's system of internal control and compliance with applicable legal provisions. The management and compliance letter will not modify or affect, in any way, this report on the financial statements.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the professional and dedicated services of the entire staff of the Auditor's Office.

Sincerely,



Lori J. Johnson
Clay County Auditor-Treasurer

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**ORGANIZATION
DECEMBER 31, 2013**

<u>Office</u>	<u>Name</u>	<u>Term Expires</u>
Elected		
Commissioners		
1st District	Wayne Ingersoll*	January 2017
2nd District	Frank Gross	January 2017
3rd District	Jon Evert	January 2015
4th District	Kevin Campbell**	January 2015
5th District	Grant Weyland	January 2017
Attorney	Brian Melton	January 2015
Auditor-Treasurer	Lori J. Johnson	January 2015
County Recorder	J. Bonnie Rehder	January 2015
County Sheriff	Bill Bergquist	January 2015
Appointed		
Assessor	Nancy Gunderson	December 2016
County Administrator	Brian Berg	Indefinite
Highway Engineer	David Overbo	May 2014
Surveyor	Brian Rittenhouse	December 2014

*Chair

**Vice Chair

This page was left blank intentionally.

FINANCIAL SECTION

This page was left blank intentionally.



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Clay County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clay County as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clay County as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2013 the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which represent changes in accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clay County's basic financial statements. The introductory section and the supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2014, on our consideration of Clay County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clay County's internal control over financial reporting and compliance.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 10, 2014

This page was left blank intentionally.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This page was left blank intentionally.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013
(Unaudited)**

The financial management of Clay County offers readers of Clay County's financial statements this narrative overview and analysis of the financial activities of Clay County for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Clay County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year (December 31, 2013) by \$117,415,720 (net position). Of this amount, \$12,211,309 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental activities' total net position is \$99,227,178, of which Clay County has invested \$81,247,770 in net investment in capital assets; \$12,986,183 is restricted to specific purposes/uses by Clay County.
- Business-type activities have total net position of \$18,188,542. Net investment in capital assets, represents \$10,886,771 of the total.
- The net cost of Clay County's governmental activities for the year ended December 31, 2013, was \$26,845,549. General property tax revenue and other general revenue sources totaled \$26,476,863.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to Clay County's basic financial statements. Clay County's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Clay County's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of Clay County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Clay County is improving or deteriorating.

The Statement of Activities presents information showing how Clay County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Clay County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of Clay County include general government, public safety, highways and streets, human services, culture and recreation, conservation of natural resources, and economic development. The business-type activities of Clay County include the Family Service Center, Juvenile Detention, Public Health, and Solid Waste.

The government-wide financial statements may be found in Exhibits 1 and 2 of this report.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Clay County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Clay County may be divided into three broad categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Within the governmental funds, Clay County maintains four fund types: general, special revenue, debt service, and capital projects. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, Road and Bridge Special Revenue Fund, Social Services Special Revenue Fund, and Ditch Debt Service Fund, all of which are considered to be major funds. Data from the other special revenue, debt service, and capital projects nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Clay County adopts an annual budget for three of its major governmental funds, the County Building nonmajor special revenue fund, County Projects nonmajor debt service fund, Courthouse Expansion nonmajor debt service fund, Joint Highway Facility nonmajor debt service fund, and Law Enforcement Expansion nonmajor debt service fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements may be found in Exhibits 3 through 6 of this report.

General Fund. The General Fund is used to account for all financial resources not required to be accounted for in another fund.

Special revenue funds. Special revenue governmental funds account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The special revenue funds include:

- Road and Bridge,
- Social Services,
- County Building, and
- Gravel Removal Tax Reserve.

Debt service funds. The debt service funds account for the payment of principal, interest, and fiscal charges on long-term debt obligations of Clay County. The debt service funds include:

- Americana Estates,
- County Projects,
- Courthouse Expansion,
- Ditch,
- Joint Highway Facility, and
- Law Enforcement Expansion.

Capital projects fund. The capital projects fund is used to account for financial resources to be used for improvement of capital facilities.

Proprietary funds. Clay County maintains two different types of proprietary funds: enterprise and internal service. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. Clay County uses its Family Service Center Enterprise Fund to account for the financing of the Family Service Center, which provides rental space to other departments and agencies. The Juvenile Center Enterprise Fund is used to account for the financial transactions of the fund, which provides housing for juveniles and rental space to departments and agencies. The Public Health Fund provides nursing service care to the elderly and other residents of the County, and the Solid Waste Management Fund is used to account for providing refuse disposal services to the public. The internal service fund is an accounting device used to accumulate and allocate costs internally among Clay County's various functions. Clay County uses its Equipment Replacement Internal Service Fund to account for the financing of equipment provided by one department to other departments of the County on a cost-reimbursement basis. Each year, a transfer is made based upon the amount reflected in the equipment replacement schedule.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all of Clay County's enterprise funds since they are all considered to be major funds of the County. Conversely, the Equipment Replacement Internal Service Fund is reported separately on the proprietary fund financial statements.

The basic proprietary fund financial statements may be found in Exhibits 7 through 9 of this report.

Fiduciary funds. Fiduciary funds (trust and agency funds) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Clay County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement may be found as Exhibit 10 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the exhibits.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information the budgetary comparison schedules for Clay County's General Fund and major special revenue funds. Required supplementary information is presented immediately following the notes to the financial statements. After that, the combining statements referred to earlier in connection with nonmajor governmental funds and fiduciary funds are presented.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Clay County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$117,415,720 at the close of the most recent fiscal year, which is an increase of \$1,047,738.

Net capital assets of \$92,134,541 (land, buildings, machinery and equipment, infrastructure, improvements other than buildings, and construction in progress, less any related debt used to acquire assets that is still outstanding) represents the largest portion of net position (78 percent). Clay County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Clay County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

Clay County's combined net position for the year ended December 31, 2013, was \$117,415,720. Clay County's analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of Clay County's governmental and business-type activities.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current and other assets	\$ 39,769,906	\$ 31,714,702	\$ 11,921,826	\$ 10,750,206	\$ 51,691,732	\$ 42,464,908
Capital assets	89,479,277	86,304,717	11,740,365	12,222,370	101,219,642	98,527,087
Total Assets	\$ 129,249,183	\$ 118,019,419	\$ 23,662,191	\$ 22,972,576	\$ 152,911,374	\$ 140,991,995
Deferred outflows of resources						
Deferred charge on refunding	\$ -	\$ -	\$ 3,714	\$ -	\$ 3,714	\$ -
Liabilities						
Long-term liabilities outstanding	\$ 24,745,184	\$ 12,543,076	\$ 4,736,901	\$ 5,452,416	\$ 29,482,085	\$ 17,995,492
Other liabilities	3,914,616	3,480,480	740,462	748,041	4,655,078	4,228,521
Total Liabilities	\$ 28,659,800	\$ 16,023,556	\$ 5,477,363	\$ 6,200,457	\$ 34,137,163	\$ 22,224,013
Deferred inflows of resources						
Advance allotment	\$ 1,362,205	\$ 2,400,000	\$ -	\$ -	\$ 1,362,205	\$ 2,400,000
Net Position						
Net investments in capital assets	\$ 81,247,770	\$ 79,028,750	\$ 10,886,771	\$ 10,626,974	\$ 92,134,541	\$ 89,655,724
Restricted	12,986,183	4,966,244	83,687	2,477	13,069,870	4,968,721
Unrestricted	4,993,225	15,600,869	7,218,084	6,142,668	12,211,309	21,743,537
Total Net Position	\$ 99,227,178	\$ 99,595,863	\$ 18,188,542	\$ 16,772,119	\$ 117,415,720	\$ 116,367,982

Clay County's total net position for the year ended December 31, 2013, total \$117,415,720. The governmental activities unrestricted net position totaling \$4,993,225 is available to Clay County to finance day-to-day operations of governmental activities. The remaining unrestricted net position totaling \$7,218,084 is available to finance the day-to-day operations of the business-type activities of the County.

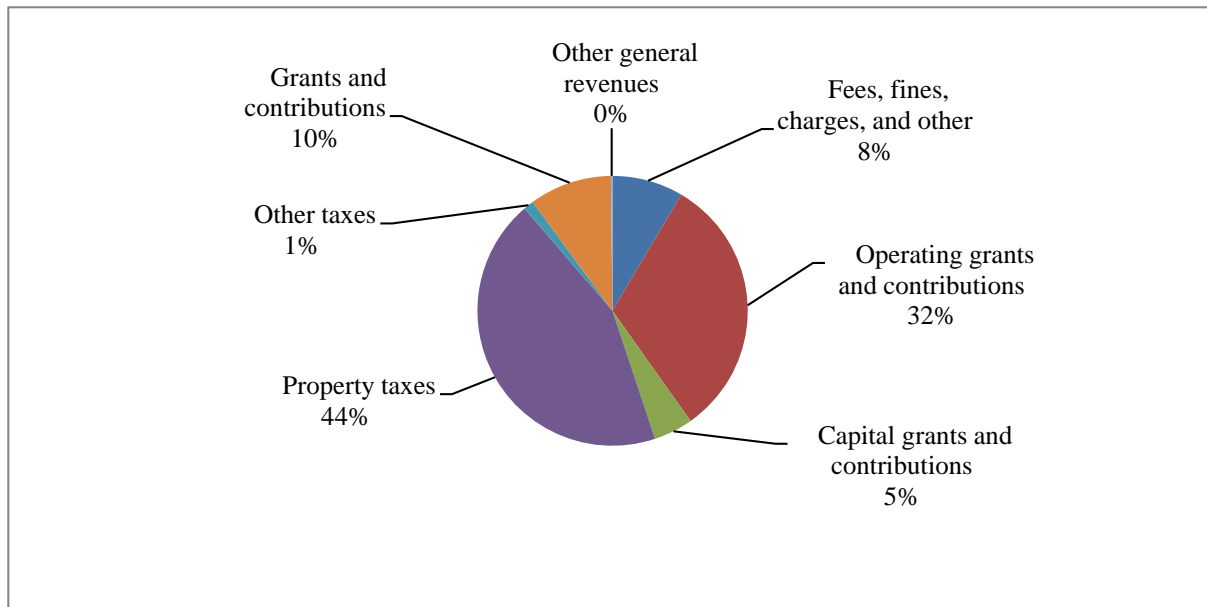
Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Fees, fines, charges, and other	\$ 4,252,248	\$ 3,942,226	\$ 8,138,795	\$ 7,747,761	\$ 12,391,043	\$ 11,689,987
Operating grants and contributions	15,873,605	18,185,862	2,340,467	1,722,774	18,214,072	19,908,636
Capital grants and contributions	2,350,932	369,503	16,901	1,203,051	2,367,833	1,572,554
General revenues						
Property taxes	21,912,239	20,911,731	-	-	21,912,239	20,911,731
Other taxes	615,984	565,142	-	-	615,984	565,142
Grants and contributions	4,946,306	5,725,276	-	-	4,946,306	5,725,276
Other general revenues	98,352	750,182	(5,690)	2,441	92,662	752,623
Total Revenues	\$ 50,049,666	\$ 50,449,922	\$ 10,490,473	\$ 10,676,027	\$ 60,540,139	\$ 61,125,949

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Expenses						
Program expenses						
General government	\$ 9,424,316	\$ 12,032,512	\$ -	\$ -	\$ 9,424,316	\$ 12,032,512
Public safety	8,981,226	8,746,323	-	-	8,981,226	8,746,323
Highways and streets	9,922,833	8,252,941	-	-	9,922,833	8,252,941
Human services	17,100,410	16,133,972	-	-	17,100,410	16,133,972
Culture and recreation	421,951	404,320	-	-	421,951	404,320
Conservation of natural resources	2,826,043	561,539	-	-	2,826,043	561,539
Economic development	161,629	337,886	-	-	161,629	337,886
Interest	483,926	293,049	-	-	483,926	293,049
Family service	-	-	1,505,938	1,486,040	1,505,938	1,486,040
Public health	-	-	4,930,131	4,111,814	4,930,131	4,111,814
Solid waste	-	-	1,565,456	2,887,526	1,565,456	2,887,526
Juvenile center	-	-	2,168,543	2,077,058	2,168,543	2,077,058
Total Expenses	\$ 49,322,334	\$ 46,762,542	\$ 10,170,068	\$ 10,562,438	\$ 59,492,402	\$ 57,324,980
Excess (Deficiency) Before Transfers	\$ 727,332	\$ 3,687,380	\$ 320,405	\$ 113,589	\$ 1,047,737	\$ 3,800,969
Transfers	(1,096,018)	(952,931)	1,096,018	952,931	-	-
Change in Net Position	\$ (368,686)	\$ 2,734,449	\$ 1,416,423	\$ 1,066,520	\$ 1,047,737	\$ 3,800,969

Clay County's total revenues for the year ended December 31, 2013, were \$60,540,139. The total cost of Clay County programs and services for the year ended December 31, 2013, was \$59,492,402. The net position for Clay County's governmental activities decreased by \$368,686 and increased by \$1,416,423 for the business-type activities.

Revenues by Source - Governmental Activities



Governmental Activities

Revenues for Clay County's governmental activities for the year ended December 31, 2013, were \$50,049,666 (Table 2). Clay County's costs for all governmental activities for the year ended December 31, 2013, were \$49,322,334 (Table 2). As shown in Clay County's Statement of Activities, the amount that Clay County taxpayers ultimately financed for these governmental activities through local property taxation was \$21,912,239, because \$4,252,248 of the costs were paid by those who directly benefited from the programs, and \$18,224,537 was paid by other governments and organizations that subsidized certain programs with grants and contributions.

Table 3 presents the cost of each of Clay County's six largest program functions, as well as each function's net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden placed on Clay County's taxpayers by each of these functions.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
Program Expenses				
General government	\$ 9,424,316	\$ 12,032,512	\$ 7,355,966	\$ 9,395,444
Public safety	8,981,226	8,746,323	7,034,159	4,725,458
Highways and streets	9,922,833	8,252,941	2,728,407	1,648,639
Human services	17,100,410	16,133,972	7,926,982	7,003,260
Culture and recreation	421,951	404,320	421,951	404,320
Conservation of natural resources	2,826,043	561,539	732,529	475,089
All others	645,555	630,935	645,555	612,741
Total Program Expenses	<u>\$ 49,322,334</u>	<u>\$ 46,762,542</u>	<u>\$ 26,845,549</u>	<u>\$ 24,264,951</u>

Business-Type Activities

Revenues of Clay County's business-type activities (Table 2) for the year ended December 31, 2013, were \$10,490,473. Expenditures of Clay County's business-type activities (Table 2) for the year ended December 31, 2013, were \$10,170,068.

Governmental funds. The focus of Clay County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Clay County's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2013, Clay County's governmental funds reported combined ending fund balances of \$27,376,507, which is above last year's total of \$19,636,741. Included in this year's total fund balance is Clay County's General Fund balance of \$8,089,568.

GOVERNMENTAL FUND BUDGETARY HIGHLIGHTS

In Clay County's General Fund, the actual revenues exceeded the expected revenues by \$475,466. Total actual expenditures in Clay County's General Fund were more than the budget by \$698,943. These variances are mainly the result of expenditures and revenues relating to a 2011 \$7,500,000 Flood Hazard Mitigation grant used to purchase flood buyout properties.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Clay County's investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounted to \$101,219,642 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. The total increase in the Clay County investment in capital assets for the current fiscal year was \$2,692,555, or three percent (see Table 4).

The major capital asset events during the current fiscal year included the completion of road construction projects, resulting in a transfer of \$1,714,879 from construction in progress to infrastructure.

More detailed information about Clay County's capital assets can be found in Note 3.A.3. to the Clay County financial statements.

Table 4
Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 328,752	\$ 328,752	\$ 1,084,851	\$ 1,084,851	\$ 1,413,603	\$ 1,413,603
Construction in progress	47,542	1,714,879	-	345,496	47,542	2,060,375
Land improvements	267,558	280,685	446,979	460,932	714,537	741,617
Buildings	9,788,153	10,046,899	6,383,677	6,387,061	16,171,830	16,433,960
Machinery, furniture, and equipment	4,448,998	4,623,928	274,964	327,244	4,723,962	4,951,172
Infrastructure	74,598,274	69,309,574	1,166,485	1,220,322	75,764,759	70,529,896
Landfill	-	-	2,383,409	2,396,464	2,383,409	2,396,464
Totals	<u>\$ 89,479,277</u>	<u>\$ 86,304,717</u>	<u>\$ 11,740,365</u>	<u>\$ 12,222,370</u>	<u>\$ 101,219,642</u>	<u>\$ 98,527,087</u>

Long-Term Debt

At the end of 2013, Clay County had total bonded debt outstanding of \$21,870,000. This is an increase of \$10,745,000 from the start of the year (see Table 5).

Table 5
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 21,010,552	\$ 9,524,215	\$ 859,448	\$ 1,600,785	\$ 21,870,000	\$ 11,125,000

Clay County's general obligation bonds are rated an A2. These ratings have been assigned by a national rating agency to Clay County's debt. The state limits the amount of debt that the counties can issue to three percent of the market value of all taxable property in Clay County. Clay County's outstanding net debt is significantly below this \$134,723,004 state-imposed limit.

Other obligations include capital leases, compensated absences, and landfill closure and postclosure costs. Clay County's notes to the financial statements provide detailed information about the County's long-term liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Clay County's average unemployment rate for 2013 and 2012 is 3.73 percent and 4.20 percent, respectively. The unemployment rate for the first five months of 2014 averaged 3.94 percent. This compares favorably to the state's average unemployment rate for 2013 of 5.08 percent and the national average rate of 7.37 percent. This information was taken from the Minnesota Department of Employment and Economic Development website for Clay County unemployment statistics.
- Clay County's tax levy is planned to increase 3.53 percent from 2013.
- With limited financial resources and the desire by the Clay County Board of Commissioners to minimize the increase in local property taxation, the prioritization and review of programs and services will be extremely important as future budgets are developed and efforts are made to control expenditures.
- Reviewing revenue sources and considering cost-effective and efficient means for the delivery of Clay County programs and services will influence the development of future budgets.

All of these factors were considered in preparing Clay County's governmental budget for the 2014 fiscal year.

On December 17, 2013, the Clay County Board of Commissioners approved the 2014 budget. The overall budget increase was 3.10 percent, for a total budget of \$64,295,274. It also included a 3.53 percent property tax levy increase for a total levy of \$25,294,546.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Clay County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Lori J. Johnson, Clay County Auditor/Treasurer, Clay County Auditor's Office, P. O. Box 280, Moorhead, Minnesota 56561-0280; or contact us at 218-299-5006 or via email at auditor@co.clay.mn.us.

This page was left blank intentionally.

BASIC FINANCIAL STATEMENTS

This page was left blank intentionally.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and pooled investments	\$ 20,891,749	\$ 8,039,309	\$ 28,931,058
Investments	1,231,192	1,437,476	2,668,668
Taxes receivable delinquent	574,641	-	574,641
Special assessments receivable			
Prior - net	4,739	55,690	60,429
Liens - net	1,024,526	-	1,024,526
Accounts receivable - net	346,498	256,198	602,696
Accrued interest receivable	142,763	5,791	148,554
Internal balances	1,820,123	(1,820,123)	-
Due from other governments	4,874,371	836,418	5,710,789
Inventories	138,813	-	138,813
Prepaid items	242,007	60,260	302,267
Excess OPEB contributions	-	1,397	1,397
Restricted assets			
Temporarily restricted			
Investments	8,450,477	-	8,450,477
Accrued interest receivable	28,007	-	28,007
Permanently restricted investments	-	2,987,290	2,987,290
Departmental cash	-	20,599	20,599
Accrued interest receivable	-	41,521	41,521
Capital assets			
Non-depreciable	376,294	1,084,851	1,461,145
Depreciable - net of accumulated depreciation	89,102,983	10,655,514	99,758,497
Total Assets	<u>\$ 129,249,183</u>	<u>\$ 23,662,191</u>	<u>\$ 152,911,374</u>
<u>Deferred Outflows of Resources</u>			
Deferred charge on refunding	<u>\$ -</u>	<u>\$ 3,714</u>	<u>\$ 3,714</u>
<u>Liabilities</u>			
Accounts payable	\$ 950,022	\$ 128,288	\$ 1,078,310
Salaries payable	646,615	152,884	799,499
Contracts payable	798,434	4,812	803,246
Due to other governments	1,319,278	298,204	1,617,482
Accrued interest payable	186,669	4,098	190,767
Unearned revenue	13,598	152,176	165,774
Long-term liabilities			
Due within one year	3,224,383	376,705	3,601,088
Due in more than one year	21,520,801	4,360,196	25,880,997
Total Liabilities	<u>\$ 28,659,800</u>	<u>\$ 5,477,363</u>	<u>\$ 34,137,163</u>

The notes to the financial statements are an integral part of this statement.

Page 16

**CLAY COUNTY
MOORHEAD, MINNESOTA**

***EXHIBIT 1
(Continued)***

**STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Deferred Inflows of Resources</u>			
Advance allotment	<u>\$ 1,362,205</u>	<u>\$ -</u>	<u>\$ 1,362,205</u>
<u>Net Position</u>			
Net investment in capital assets	\$ 81,247,770	\$ 10,886,771	\$ 92,134,541
Restricted for			
General government	1,037,569	-	1,037,569
Public safety	158,375	-	158,375
Highways and streets	9,418,116	-	9,418,116
Health	-	82,575	82,575
Debt service	2,294,939	1,112	2,296,051
Other purposes	77,184	-	77,184
Unrestricted	<u>4,993,225</u>	<u>7,218,084</u>	<u>12,211,309</u>
Total Net Position	<u><u>\$ 99,227,178</u></u>	<u><u>\$ 18,188,542</u></u>	<u><u>\$ 117,415,720</u></u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>
Governmental activities		
General government	\$ 9,424,316	\$ 1,659,575
Public safety	8,981,226	377,559
Highways and streets	9,922,833	825,003
Human services	17,100,410	1,384,430
Culture and recreation	421,951	-
Conservation of natural resources	2,826,043	5,681
Economic development	161,629	-
Interest	483,926	-
Total governmental activities	\$ 49,322,334	\$ 4,252,248
Business-type activities		
Family Service	\$ 1,505,938	\$ 1,336,491
Public Health	4,930,131	2,283,607
Solid Waste	1,565,456	2,400,692
Juvenile Center	2,168,543	2,118,005
Total business-type activities	\$ 10,170,068	\$ 8,138,795
Total	\$ 59,492,402	\$ 12,391,043

General Revenues

Property taxes
Gravel taxes
Mortgage registry and deed tax
Taxes - other
Grants and contributions not restricted to
specific programs
Payments in lieu of tax
Investment income
Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net Position - Beginning

Net Position - Ending

EXHIBIT 2

Program Revenues		Net (Expense) Revenue and Change in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 408,775	\$ -	\$ (7,355,966)	\$ -	\$ (7,355,966)
1,569,508	-	(7,034,159)	-	(7,034,159)
6,106,324	263,099	(2,728,407)	-	(2,728,407)
7,788,998	-	(7,926,982)	-	(7,926,982)
-	-	(421,951)	-	(421,951)
-	2,087,833	(732,529)	-	(732,529)
-	-	(161,629)	-	(161,629)
-	-	(483,926)	-	(483,926)
\$ 15,873,605	\$ 2,350,932	\$ (26,845,549)	\$ -	\$ (26,845,549)
\$ -	\$ 16,901	\$ -	\$ (152,546)	\$ (152,546)
2,191,764	-	-	(454,760)	(454,760)
105,107	-	-	940,343	940,343
43,596	-	-	(6,942)	(6,942)
\$ 2,340,467	\$ 16,901	\$ -	\$ 326,095	\$ 326,095
\$ 18,214,072	\$ 2,367,833	\$ (26,845,549)	\$ 326,095	\$ (26,519,454)
		\$ 21,912,239	\$ -	\$ 21,912,239
		522,880	-	522,880
		65,837	-	65,837
		27,267	-	27,267
		4,946,306	-	4,946,306
		35,174	-	35,174
		(315,386)	(5,690)	(321,076)
		378,564	-	378,564
		(1,096,018)	1,096,018	-
		\$ 26,476,863	\$ 1,090,328	\$ 27,567,191
		\$ (368,686)	\$ 1,416,423	\$ 1,047,737
		99,595,864	16,772,119	116,367,983
		\$ 99,227,178	\$ 18,188,542	\$ 117,415,720

This page was left blank intentionally.

FUND FINANCIAL STATEMENTS

This page was left blank intentionally.

GOVERNMENTAL FUNDS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	<u>General</u>	<u>Road and Bridge</u>
<u>Assets</u>		
Cash and pooled investments	\$ 6,491,985	\$ 1,117,758
Petty cash and change funds	6,125	-
Undistributed cash in agency funds	284,097	49,455
Investments	22,033	1,000,000
Taxes receivable delinquent	316,724	71,317
Special assessments		
Prior	-	-
Liens	-	-
Accounts receivable	150,220	142,862
Accrued interest receivable	137,797	42
Due from other funds	254,565	-
Due from other governments	930,249	1,355,078
Prepaid items	134,903	26,038
Advance to other funds	1,865,000	-
Inventories	-	138,813
Restricted assets		
Temporarily restricted		
Investments	-	8,450,477
Accrued interest receivable	-	28,007
Total Assets	<u>\$ 10,593,698</u>	<u>\$ 12,379,847</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 342,609	\$ 70,631
Salaries payable	381,542	77,671
Compensated absences/vacation/sick payable current	17,864	17,712
Contracts payable	-	798,434
Due to other funds	93,099	227,748
Due to other governments	420,627	650,149
Unearned revenue	750	-
Advance from other funds	-	-
Total Liabilities	<u>\$ 1,256,491</u>	<u>\$ 1,842,345</u>
Deferred Inflows of Resources		
Unavailable revenue	\$ 1,247,639	\$ 896,261
Advance allotment	-	1,362,205
Total Deferred Inflows of Resources	<u>\$ 1,247,639</u>	<u>\$ 2,258,466</u>

The notes to the financial statements are an integral part of this statement.

Page 20

EXHIBIT 3

Social Services	Ditch Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 7,709,516	\$ 1,254,802	\$ 1,706,727	\$ 18,280,788
500	-	-	6,625
111,868	7,071	12,014	464,505
-	209,159	-	1,231,192
169,095	-	17,505	574,641
-	4,739	-	4,739
-	1,024,526	-	1,024,526
52,832	584	-	346,498
-	4,924	-	142,763
138,543	791	227,748	621,647
901,011	1,665,005	-	4,851,343
81,066	-	-	242,007
-	-	-	1,865,000
-	-	-	138,813
-	-	-	8,450,477
-	-	-	28,007
\$ 9,164,431	\$ 4,171,601	\$ 1,963,994	\$ 38,273,571
\$ 504,457	\$ -	\$ 23,610	\$ 941,307
187,402	-	-	646,615
14,232	-	-	49,808
-	-	-	798,434
304,162	-	-	625,009
247,525	-	-	1,318,301
12,848	-	-	13,598
-	-	20,000	20,000
\$ 1,270,626	\$ -	\$ 43,610	\$ 4,413,072
\$ 501,078	\$ 2,462,387	\$ 14,422	\$ 5,121,787
-	-	-	1,362,205
\$ 501,078	\$ 2,462,387	\$ 14,422	\$ 6,483,992

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	<u>General</u>	<u>Road and Bridge</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u> (Continued)		
Fund Balances		
Nonspendable		
Inventories	\$ -	\$ 138,813
Prepaid items	134,903	26,038
Advances to other funds	1,865,000	-
Restricted for		
Debt service	-	-
Law library	126,003	-
Capital projects	-	-
Gravel pit restoration	-	-
County state-aid highway system	-	107,192
Real estate tax shortfall	22,033	-
Pistol permits	48,641	-
Missing heirs	77,184	-
K-9	16,881	-
DARE	9,833	-
Posse	1,385	-
Veteran's affairs	1,060	-
Sheriff's forfeited property	52,235	-
Attorney's forfeited property	192,363	-
Help America Vote Act	65	-
Recorder's technology equipment	44,299	-
Recorder's compliance	50,678	-
Correctional fees	29,400	-
County state-aid road improvements	-	8,478,484
Wheelage tax	-	19,087
Assigned for		
Human services	-	-
County building projects	-	-
Unassigned	5,417,605	(490,578)
Total Fund Balances	\$ 8,089,568	\$ 8,279,036
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,593,698	\$ 12,379,847

EXHIBIT 3
(Continued)

Social Services	Ditch Debt Service	Other Governmental Funds	Total Governmental Funds
<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ -	\$ 138,813
81,066	-	-	242,007
-	-	-	1,865,000
-	1,709,214	585,725	2,294,939
-	-	-	126,003
-	-	601,068	601,068
-	-	605,852	605,852
-	-	-	107,192
-	-	-	22,033
-	-	-	48,641
-	-	-	77,184
-	-	-	16,881
-	-	-	9,833
-	-	-	1,385
-	-	-	1,060
-	-	-	52,235
-	-	-	192,363
-	-	-	65
-	-	-	44,299
-	-	-	50,678
-	-	-	29,400
-	-	-	8,478,484
-	-	-	19,087
7,311,661	-	-	7,311,661
-	-	113,317	113,317
-	-	-	4,927,027
<hr/>	<hr/>	<hr/>	<hr/>
\$ 7,392,727	\$ 1,709,214	\$ 1,905,962	\$ 27,376,507
<hr/>	<hr/>	<hr/>	<hr/>
\$ 9,164,431	\$ 4,171,601	\$ 1,963,994	\$ 38,273,571

This page was left blank intentionally.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2013**

Fund balances - total governmental funds (Exhibit 3)	\$	27,376,507
---	-----------	-------------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		89,479,277
--	--	------------

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		5,121,787
---	--	-----------

Internal service funds are used by management to charge the cost of management of fleet maintenance and self-insurance to individual funds. The assets and liabilities that are included in governmental activities in the statement of net position are:

Total internal services net position	\$ 5,762,957	
Long-term liabilities of the Internal Service Fund	138,382	
Net position representing capital assets included above	<u>(3,771,672)</u>	2,129,667

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

General obligation bonds	\$ (21,718,811)	
Capital leases payable	(145,307)	
Compensated absences	(2,396,071)	
Accrued interest payable	(184,684)	
OPEB liability	<u>(435,187)</u>	<u>(24,880,060)</u>

Net Position of Governmental Activities (Exhibit 1)	\$	<u>99,227,178</u>
--	-----------	--------------------------

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Road and Bridge</u>
Revenues		
Taxes	\$ 12,690,751	\$ 3,178,561
Special assessments	-	-
Licenses and permits	104,972	94,649
Intergovernmental	4,826,417	7,607,061
Charges for services	1,549,570	607,201
Fines and forfeits	155,055	-
Investment earnings	(371,334)	(33,632)
Miscellaneous	611,782	69,973
	<hr/>	<hr/>
Total Revenues	\$ 19,567,213	\$ 11,523,813
Expenditures		
Current		
General government	\$ 8,934,325	\$ -
Public safety	8,805,669	-
Highways and streets	-	13,268,591
Human services	-	-
Culture and recreation	421,951	-
Conservation of natural resources	746,451	-
Economic development	161,629	-
Intergovernmental		
Highways and streets	-	471,742
Capital outlay		
General government	-	-
Debt service		
Principal	-	-
Interest	-	-
Administrative (fiscal charges)	-	-
Bond issuance costs	-	86,620
	<hr/>	<hr/>
Total Expenditures	\$ 19,070,025	\$ 13,826,953
Excess of Revenues Over (Under)		
Expenditures	\$ 497,188	\$ (2,303,140)

EXHIBIT 5

Social Services	Ditch Debt Service	Other Governmental Funds	Total
\$ 6,082,685	\$ -	\$ 735,841	\$ 22,687,838
-	878,600	-	878,600
-	-	-	199,621
8,901,797	-	81,904	21,417,179
-	-	-	2,156,771
6,606	-	-	161,661
-	(7,375)	-	(412,341)
1,377,824	-	-	2,059,579
\$ 16,368,912	\$ 871,225	\$ 817,745	\$ 49,148,908
\$ -	\$ -	\$ -	\$ 8,934,325
-	-	-	8,805,669
-	-	-	13,268,591
17,000,985	-	-	17,000,985
-	-	-	421,951
-	2,016,350	-	2,762,801
-	-	-	161,629
-	-	-	471,742
-	-	212,380	212,380
5,569	630,000	483,663	1,119,232
589	73,124	320,791	394,504
-	-	376	376
-	44,425	-	131,045
\$ 17,007,143	\$ 2,763,899	\$ 1,017,210	\$ 53,685,230
\$ (638,231)	\$ (1,892,674)	\$ (199,465)	\$ (4,536,322)

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Road and Bridge</u>
Other Financing Sources (Uses)		
Transfers in	\$ 100,000	\$ -
Transfers out	(1,206,018)	(149,316)
Bonds issued	-	10,600,000
Premium on bonds/notes issued	-	710,900
	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	<u>\$ (1,106,018)</u>	<u>\$ 11,161,584</u>
Change in Fund Balance	\$ (608,830)	\$ 8,858,444
Fund Balance - January 1	8,698,398	(551,560)
Increase (decrease) in inventories	<u>-</u>	<u>(27,848)</u>
Fund Balance - December 31	<u><u>\$ 8,089,568</u></u>	<u><u>\$ 8,279,036</u></u>

EXHIBIT 5
(Continued)

Social Services	Ditch Debt Service	Other Governmental Funds	Total
\$ -	\$ -	\$ 159,316	\$ 259,316
-	-	-	(1,355,334)
-	2,000,000	-	12,600,000
-	89,054	-	799,954
\$ -	\$ 2,089,054	\$ 159,316	\$ 12,303,936
\$ (638,231)	\$ 196,380	\$ (40,149)	\$ 7,767,614
8,030,958	1,512,834	1,946,111	19,636,741
-	-	-	(27,848)
\$ 7,392,727	\$ 1,709,214	\$ 1,905,962	\$ 27,376,507

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Net change in fund balances - total governmental funds (Exhibit 5)	\$	7,767,614
---	-----------	------------------

Amounts reported for governmental activities in the statement of activities are different because:

In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in revenue deferred as unavailable.

Deferred inflows of resources - December 31	\$ 5,121,787	
Deferred inflows of resources - January 1	<u>(3,893,928)</u>	1,227,859

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets and infrastructure	\$ 7,175,140	
Current year depreciation	<u>(4,039,271)</u>	3,135,869

Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of net position.

New debt issued		
Watershed Improvement Bonds issued	\$ (2,000,000)	
State Aid Road Bonds issued	(10,600,000)	
Premium on bonds issued	<u>(799,954)</u>	(13,399,954)
Principal repayments		
General obligation bonds	\$ 1,113,663	
Capital lease	<u>5,569</u>	1,119,232

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 6
(Continued)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	\$ (76,813)	
Amortization of premiums, discounts, and deferred issuance charges	23,994	
Change in compensated absences	(61,247)	
Change in net OPEB liability	(60,738)	
Change in inventories	<u>(27,848)</u>	(202,652)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities.

Governmental activities share of net income before transfers	<u>(16,654)</u>
--	-----------------

Change in Net Position of Governmental Activities (Exhibit 2)	<u><u>\$ (368,686)</u></u>
--	-----------------------------------

This page was left blank intentionally.

PROPRIETARY FUNDS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013**

		Business-Type
	Family Service Center	Juvenile Center
<u>Assets</u>		
Current assets		
Cash and pooled investments	\$ 50,681	\$ 451,426
Undistributed cash in agency funds	-	-
Petty cash and change funds	300	-
Investments	-	157,527
Special assessments		
Prior	-	-
Accounts receivable - net	7,948	92
Accrued interest receivable	-	5,742
Due from other funds	7,163	80,606
Due from other governments	2,174	185,274
Prepaid items	6,463	12,420
Excess OPEB contributions	-	-
Total current assets	\$ 74,729	\$ 893,087
Restricted assets		
Investments	\$ -	\$ -
Departmental cash	-	-
Accrued interest receivable	-	-
Total restricted assets	\$ -	\$ -
Noncurrent assets		
Capital assets		
Nondepreciable	\$ 240,500	\$ -
Depreciable - net	4,781,686	1,959,122
Total noncurrent assets	\$ 5,022,186	\$ 1,959,122
Total Assets	\$ 5,096,915	\$ 2,852,209
Deferred Outflows of Resources		
Deferred charge on refunding	\$ -	\$ 3,714

EXHIBIT 7

Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Public Health	Solid Waste Management	Totals	
\$ 1,926,388	\$ 5,553,367	\$ 7,981,862	\$ 2,139,831
-	56,977	56,977	-
170	-	470	-
-	1,279,949	1,437,476	-
-	55,690	55,690	-
172,909	75,249	256,198	-
-	49	5,791	-
125,396	-	213,165	1,513
516,102	132,868	836,418	-
37,892	3,485	60,260	-
-	1,397	1,397	-
\$ 2,778,857	\$ 7,159,031	\$ 10,905,704	\$ 2,141,344
\$ -	\$ 2,987,290	\$ 2,987,290	\$ -
-	20,599	20,599	-
-	41,521	41,521	-
\$ -	\$ 3,049,410	\$ 3,049,410	\$ -
\$ -	\$ 844,351	\$ 1,084,851	\$ -
4,427	3,910,279	10,655,514	3,771,672
\$ 4,427	\$ 4,754,630	\$ 11,740,365	\$ 3,771,672
\$ 2,783,284	\$ 14,963,071	\$ 25,695,479	\$ 5,913,016
\$ -	\$ -	\$ 3,714	\$ -

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013**

	Family Service Center	Business-Type Juvenile Center
<u>Liabilities</u>		
Current liabilities		
Accounts payable	\$ 54,074	\$ 8,846
Salaries payable	10,610	44,246
Contracts payable	-	4,812
Due to other funds	-	14,387
Due to other governments	15,136	4,766
Accrued interest payable	-	4,098
Unearned revenue	19,425	-
General obligation bonds payable - current	-	210,026
Capital leases payable - current	751	-
Compensated absences payable - current	15,402	36,875
Total current liabilities	\$ 115,398	\$ 328,056
Noncurrent liabilities		
Advance from other funds	\$ 1,495,000	\$ 350,000
General obligation bonds payable - long-term	-	649,422
Unamortized discounts on G.O. bonds	-	(2,891)
Capital leases payable - long-term	-	-
Estimated liability for landfill closure/postclosure	-	-
OPEB liability	7,998	23,306
Compensated absences payable - long-term	60,030	128,574
Total noncurrent liabilities	\$ 1,563,028	\$ 1,148,411
Total Liabilities	\$ 1,678,426	\$ 1,476,467
<u>Net Position</u>		
Net Position		
Net investment in capital assets	\$ 5,021,435	\$ 1,106,279
Restricted for		
Debt service	-	1,112
Health	-	-
Unrestricted	(1,602,946)	272,065
Total Net Position	\$ 3,418,489	\$ 1,379,456

EXHIBIT 7
(Continued)

Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Public Health	Solid Waste Management	Totals	
\$ 48,032	\$ 17,336	\$ 128,288	\$ 8,715
87,786	10,242	152,884	-
-	-	4,812	-
173,901	-	188,288	-
60,823	217,479	298,204	977
-	-	4,098	1,985
132,751	-	152,176	-
-	-	210,026	-
-	-	751	136,843
100,280	13,371	165,928	-
\$ 603,573	\$ 258,428	\$ 1,305,455	\$ 148,520
\$ -	\$ -	\$ 1,845,000	\$ -
-	-	649,422	-
-	-	(2,891)	-
-	-	-	1,539
-	3,105,401	3,105,401	-
83,555	-	114,859	-
254,301	50,500	493,405	-
\$ 337,856	\$ 3,155,901	\$ 6,205,196	\$ 1,539
\$ 941,429	\$ 3,414,329	\$ 7,510,651	\$ 150,059
\$ 4,427	\$ 4,754,630	\$ 10,886,771	\$ 3,633,290
-	-	1,112	-
82,575	-	82,575	-
1,754,853	6,794,112	7,218,084	2,129,667
\$ 1,841,855	\$ 11,548,742	\$ 18,188,542	\$ 5,762,957

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Family Service Center	Business-Type Juvenile Center
Operating Revenues		
Charges for services	\$ 179,763	\$ 2,005,383
Licenses and permits	-	-
Rents	1,070,101	61,683
Miscellaneous	86,627	50,939
Total Operating Revenues	\$ 1,336,491	\$ 2,118,005
Operating Expenses		
Personal services	\$ 479,523	\$ 1,601,000
Other services and charges	607,713	316,560
Supplies	62,693	92,173
Depreciation	353,770	147,130
Landfill closure and postclosure costs	-	-
Total Operating Expenses	\$ 1,503,699	\$ 2,156,863
Operating Income (Loss)	\$ (167,208)	\$ (38,858)
Nonoperating Revenues (Expenses)		
Special assessments	\$ -	\$ -
Intergovernmental	-	43,596
Interest income	-	(6,203)
Gain on sale/disposal of capital assets	-	-
Interest expense	(2,239)	(11,680)
Total Nonoperating Revenues (Expenses)	\$ (2,239)	\$ 25,713
Income (Loss) Before Contributions and Transfers	\$ (169,447)	\$ (13,145)
Capital contributions	16,901	-
Transfers in	402,964	225,353
Transfers out	-	-
Change in net position	\$ 250,418	\$ 212,208
Net Position - January 1	3,168,071	1,167,248
Net Position - December 31	\$ 3,418,489	\$ 1,379,456

EXHIBIT 8

Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Public Health	Solid Waste Management	Totals	
\$ 2,261,045	\$ 1,232,756	\$ 5,678,947	\$ 1,176,268
-	750	750	-
-	-	1,131,784	-
22,562	8,053	168,181	29,235
\$ 2,283,607	\$ 1,241,559	\$ 6,979,662	\$ 1,205,503
\$ 3,449,914	\$ 473,723	\$ 6,004,160	\$ -
1,198,467	690,932	2,813,672	525
280,570	281,259	716,695	145,412
1,180	117,541	619,621	1,108,058
-	2,001	2,001	-
\$ 4,930,131	\$ 1,565,456	\$ 10,156,149	\$ 1,253,995
\$ (2,646,524)	\$ (323,897)	\$ (3,176,487)	\$ (48,492)
\$ -	\$ 1,159,133	\$ 1,159,133	\$ -
2,191,764	158,907	2,394,267	-
-	(53,287)	(59,490)	-
-	-	-	42,320
-	-	(13,919)	(10,482)
\$ 2,191,764	\$ 1,264,753	\$ 3,479,991	\$ 31,838
\$ (454,760)	\$ 940,856	\$ 303,504	\$ (16,654)
-	-	16,901	-
567,701	-	1,196,018	-
-	(100,000)	(100,000)	-
\$ 112,941	\$ 840,856	\$ 1,416,423	\$ (16,654)
1,728,914	10,707,886	16,772,119	5,779,611
\$ 1,841,855	\$ 11,548,742	\$ 18,188,542	\$ 5,762,957

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
Increase (Decrease) in Cash and Cash Equivalents**

	Family Service Center	Business-Type Juvenile Center
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 1,334,838	\$ 2,131,700
Payments to suppliers	(646,965)	(481,239)
Payments to employees	(484,000)	(1,601,570)
Net cash provided by (used in) operating activities	\$ 203,873	\$ 48,891
Cash Flows from Noncapital Financing Activities		
Special assessments	\$ -	\$ -
Intergovernmental	-	51,216
Transfers in	402,964	263,680
Transfers out	-	-
Net cash provided by (used in) noncapital financing activities	\$ 402,964	\$ 314,896
Cash Flows from Capital and Related Financing Activities		
Principal paid on installment purchase	\$ (2,853)	\$ -
Principal paid on long-term debt	(570,000)	-
Interest paid on long-term debt	(10,240)	(10,264)
Proceeds from the sale of capital assets	-	-
Purchases of capital assets	-	(292,052)
Net cash provided by (used in) capital and related financing activities	\$ (583,093)	\$ (302,316)
Cash Flows from Investing Activities		
Purchase of investments	\$ -	\$ -
Investment earnings received	-	556
Net cash provided by (used in) investing activities	\$ -	\$ 556
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 23,744	\$ 62,027
Cash and Cash Equivalents at January 1	27,237	389,399
Cash and Cash Equivalents at December 31	\$ 50,981	\$ 451,426

EXHIBIT 9

Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Public Health	Solid Waste Management	Totals	
\$ 2,240,251	\$ 1,192,326	\$ 6,899,115	\$ 1,267,411
(1,499,422)	(1,046,792)	(3,674,418)	(140,086)
(3,413,343)	(468,375)	(5,967,288)	-
\$ (2,672,514)	\$ (322,841)	\$ (2,742,591)	\$ 1,127,325
\$ -	\$ 1,170,318	\$ 1,170,318	\$ -
2,197,962	158,907	2,408,085	-
567,701	-	1,234,345	-
-	(100,000)	(100,000)	-
\$ 2,765,663	\$ 1,229,225	\$ 4,712,748	\$ -
\$ -	\$ -	\$ (2,853)	\$ (144,193)
-	-	(570,000)	-
-	-	(20,504)	(12,384)
-	-	-	48,204
-	-	(292,052)	(1,152,633)
\$ -	\$ -	\$ (885,409)	\$ (1,261,006)
\$ -	\$ (105,898)	\$ (105,898)	\$ -
-	(85,737)	(85,181)	-
\$ -	\$ (191,635)	\$ (191,079)	\$ -
\$ 93,149	\$ 714,749	\$ 893,669	\$ (133,681)
1,833,409	4,895,595	7,145,640	2,273,512
\$ 1,926,558	\$ 5,610,344	\$ 8,039,309	\$ 2,139,831

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
Increase (Decrease) in Cash and Cash Equivalents**

	Business-Type	
	Family Service Center	Juvenile Center
Cash and Cash Equivalents - Exhibit 7		
Cash and pooled investments	\$ 50,681	\$ 451,426
Undistributed cash in agency funds	-	-
Petty cash and change funds	300	-
Total Cash and Cash Equivalents	<u>\$ 50,981</u>	<u>\$ 451,426</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	<u>\$ (167,208)</u>	<u>\$ (38,858)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	\$ 353,770	\$ 147,130
Amortization expense	303	4,883
(Increase) decrease in accounts receivable	3,143	(92)
(Increase) decrease in excess OPEB contributions	-	-
(Increase) decrease in due from other governments	5,864	9,755
(Increase) decrease in due from other funds	(4,063)	(68,538)
(Increase) decrease in prepaid items	108	(1,314)
Increase (decrease) in accounts payable	20,730	(3,377)
Increase (decrease) in salaries payable	242	4,721
Increase (decrease) in compensated absences - current	(1,815)	(1,252)
Increase (decrease) in compensated absences - long-term	(3,673)	(1,661)
Increase (decrease) in due to other funds	-	(11,424)
Increase (decrease) in due to other governments	(126)	1,217
Increase (decrease) in contracts payable	-	4,812
Increase (decrease) in unearned revenue	(4,300)	-
Increase (decrease) in OPEB liability	898	2,889
Increase (decrease) in landfill closure and postclosure payable	-	-
Total adjustments	<u>\$ 371,081</u>	<u>\$ 87,749</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 203,873</u>	<u>\$ 48,891</u>
Non-Cash Investing, Capital, and Financing Activities		
Capital contributions	\$ 16,901	\$ -
Undepreciated cost of capital assets sold	-	-

The notes to the financial statements are an integral part of this statement.

Page 39

EXHIBIT 9
(Continued)

Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Public Health	Solid Waste Management	Totals	
\$ 1,926,388	\$ 5,553,367	\$ 7,981,862	\$ 2,139,831
-	56,977	56,977	-
170	-	470	-
\$ 1,926,558	\$ 5,610,344	\$ 8,039,309	\$ 2,139,831
\$ (2,646,524)	\$ (323,897)	\$ (3,176,487)	\$ (48,492)
\$ 1,180	\$ 117,541	\$ 619,621	\$ 1,108,058
-	-	5,186	-
61,434	(42,974)	21,511	-
-	1,070	1,070	-
(46,539)	(6,006)	(36,926)	141
(95,635)	-	(168,236)	61,908
(627)	(261)	(2,094)	-
(41,765)	(24,707)	(49,119)	7,440
21,990	1,493	28,446	-
2,209	(819)	(1,677)	-
8,945	4,182	7,793	-
(16,455)	-	(27,879)	-
545	(50,464)	(48,828)	(1,730)
-	-	4,812	-
67,756	-	63,456	-
10,972	-	14,759	-
-	2,001	2,001	-
\$ (25,990)	\$ 1,056	\$ 433,896	\$ 1,175,817
\$ (2,672,514)	\$ (322,841)	\$ (2,742,591)	\$ 1,127,325
\$ -	\$ -	\$ 16,901	\$ -
-	-	-	5,885

This page was left blank intentionally.

FIDUCIARY FUNDS

This page was left blank intentionally.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 10

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2013**

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and pooled investments	\$ 1,880,562
Accounts receivable	14,421
Due from other funds	93,968
Due from other governments	<u>67,577</u>
Total Assets	<u>\$ 2,056,528</u>
<u>Liabilities</u>	
Accounts payable	\$ 19,462
Due to other funds	116,996
Due to other governments	<u>1,920,070</u>
Total Liabilities	<u>\$ 2,056,528</u>

This page was left blank intentionally.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013**

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2013. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

Changes in Accounting Principles

During 2013, the County adopted new accounting guidance by implementing the provisions of GASB Statements 61 and 65. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, modifies and clarifies the requirements for inclusion of component units and their presentation in the primary government's financial statements. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items previously reported as assets and liabilities. See Note 1.D.8. for additional information regarding the County's deferred outflows/inflows of resources.

Restatements of December 31, 2012, net position or fund balance were not required as a result of adopting these changes in accounting principles.

A. Financial Reporting Entity

Clay County was established March 8, 1862, and organized April 14, 1872; it has the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator, appointed by the Board, serves as the clerk of the Board of Commissioners but has no vote.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting

A. Financial Reporting Entity (Continued)

Joint Ventures

The County participates in several joint ventures which are described in Note 8.B. The County also participates in jointly-governed organizations and related organizations described in Notes 8.C. and 8.D., respectively.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities and different business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements (Continued)

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category--governmental, proprietary, and fiduciary--are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Road and Bridge Special Revenue Fund is used to account for revenues and expenditures of the County Highway Department, which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

The Social Services Special Revenue Fund is used to account for economic assistance and community social services programs.

The Ditch Debt Service Fund is used to account for the accumulation of resources and the payment of principal and interest of ditch bond issues.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The County reports the following major enterprise funds:

The Family Service Center Fund is used to account for the financing of the Family Service Center, which provides rental space to other departments and agencies.

The Juvenile Center Fund is used to account for the financial transactions of the Juvenile Center, which provides housing for juveniles and rental space to other departments and agencies.

The Public Health Fund is used to account for providing nursing service care to the elderly and other residents of the County. All activities necessary to provide such services are accounted for in this fund. Financing is provided by a health service grant and user service charges.

The Solid Waste Management Fund is used to account for the operation, maintenance, and development of the County solid waste landfill.

Additionally, the County reports the following fund types:

The Internal Service Fund is used to account for the financing of equipment provided by one department to other departments of the County on a cost-reimbursement basis.

Debt service funds account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The County Projects Capital Projects Fund is used to account for financial resources to be used for improvement of capital facilities.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds for others in an agent capacity.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Shared revenues are generally recognized in the period the appropriation goes into effect. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Clay County considers all revenues as available if collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as needed.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Cash and Cash Equivalents

The County has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Additionally, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2013, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2013 were \$51,517.

Clay County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission (SEC), but does operate in a manner consistent with Rule 2a-7 prescribed by the SEC pursuant to the Investment Company Act of 1940 (17 C.F.R. § 270.2a-7). The investment in the pool is measured at the net asset value per share provided by the pool.

3. Receivables and Payables

Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans).

All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

3. Receivables and Payables (Continued)

No allowance has been made for uncollectible receivables.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due May 15 and the second half payment due October 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

4. Inventories and Prepaid Items

All inventories are valued at cost using the weighted average method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories at the government-wide level are recorded as expenses when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, applicable laws and regulations limit their use.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows or Resources, and Net Position or Equity

6. Capital Assets (Continued)

years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Computer software has a threshold of \$50,000 and is included in the category of Machinery and Equipment.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current period, the County did not have any capitalized interest.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 - 75
Land improvements	5 - 30
Public domain infrastructure	20 - 50
Furniture, equipment, and vehicles	3 - 15

The County landfill is depreciated based on capacity.

7. Compensated Absences

The liability for compensated absences reported in financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows or Resources, and Net Position or Equity

7. Compensated Absences (Continued)

government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The County has one item that qualifies for reporting in this category: deferred charge on refunding reported in the proprietary statement of net position and the government-wide statement of net position. A deferred charge on refunding results from the remaining discount of refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two such items. Unavailable revenue arises only under the modified accrual basis of accounting. Unavailable revenue and advance allotments are reported in the governmental funds balance sheet, while advance allotments are also reported in the government-wide statement of net position. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

10. Classification of Net Position

Net position in the government-wide financial statements is classified in the following categories:

Net investment in capital assets - the net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position - the net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - the net position that does not meet the definition of restricted or net investment in capital assets.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)

11. Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - amounts for which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or by laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts.

Assigned - amounts the County intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Auditor-Treasurer, who has been delegated that authority by Board resolution.

Unassigned - the residual classification for the General Fund, it includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

11. Classification of Fund Balances (Continued)

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

12. Minimum Fund Balance

Clay County has adopted a minimum fund balance policy to address cash flow or working capital needs for the General Fund, which is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined the County needs to maintain a minimum unrestricted fund balance in the General Fund and has set the year-end minimum fund balance amount for the General Fund equal to 16 percent of the total General Fund annual expenditures.

13. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

A. Ditch Fund Deficit

Of 33 drainage system projects, one has incurred expenditures in excess of revenue and available resources. This deficit will be eliminated with future special assessment levies against benefited properties. The following summary shows the fund balance of the Ditch Debt Service Fund as of December 31, 2013.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

2. Stewardship, Compliance, and Accountability

A. Ditch Fund Deficit (Continued)

Account balances	\$ 1,710,007
Account deficits	<u>(793)</u>
Fund Balance	<u>\$ 1,709,214</u>

B. Excess of Expenditures Over Budget

The following is a table of the individual funds with expenditures in excess of budget for the year ended December 31, 2013.

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 19,070,025	\$ 18,371,082	\$ 698,943
Road and Bridge Special Revenue Fund	13,826,953	11,863,199	1,963,754
Joint Highway Facility Debt Service Fund	318,066	169,025	149,041

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Reconciliation of the County's total cash and investments are reported as follows:

Primary government	
Cash and pooled investments	\$ 28,931,058
Investments	2,668,668
Temporarily restricted assets	
Investments	8,450,477
Permanently restricted assets	
Investments	2,987,290
Departmental cash	20,599
Fiduciary funds	
Cash and pooled investments	
Agency funds	<u>1,880,562</u>
Total Cash and Investments	<u>\$ 44,938,654</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

a. Deposits

The County is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The County is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2013, the County's deposits were not exposed to custodial credit risk.

b. Investments

The County may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirement set by state statute.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County has a policy to minimize investment custodial credit risk. At year-end, \$1,014,465 of the County's investments were subject to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy that U.S. Treasury securities, U.S. agency securities, and obligations backed by U.S. Treasury and/or U.S. agency securities, may be held without limit.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

The following table presents the County's deposit and investment balances at December 31, 2013, and information relating to potential investment risks:

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
U.S. government agency securities					
Federal National Mortgage Association	Aaa	Moody's		10/25/25	\$ 130,987
Federal National Mortgage Association	Aaa	Moody's		12/01/41	65,282
Total Federal National Mortgage Association			<5%		\$ 196,269
Federal Home Loan Mortgage Corp.	Aaa	Moody's		01/13/22	\$ 95,596
Federal Home Loan Mortgage Corp.	Aaa	Moody's		01/13/22	9,560
Federal Home Loan Mortgage Corp.	Aaa	Moody's		01/13/22	38,238
Federal Home Loan Mortgage Corp.	Aaa	Moody's		10/30/23	589,536
Federal Home Loan Mortgage Corp.	Aaa	Moody's		12/27/23	235,553
Federal Home Loan Mortgage Corp.	Aaa	Moody's		08/15/27	22,098
Federal Home Loan Mortgage Corp.	Aaa	Moody's		04/01/42	76,429
Total Federal Home Loan Mortgage Corp.			<5%		\$ 1,067,010
Federal Home Loan Bank	Aaa	Moody's		09/28/22	\$ 481,520
Federal Home Loan Bank	Aaa	Moody's		10/25/22	481,870
Federal Home Loan Bank	AA+	S&P		11/28/22	480,730
Federal Home Loan Bank	AA+	S&P		12/28/22	754,153
Federal Home Loan Bank	Aaa	Moody's		12/28/22	477,110
Federal Home Loan Bank	Aaa	Moody's		02/28/23	374,884
Federal Home Loan Bank	AA+	S&P		03/13/23	289,479
Federal Home Loan Bank	Aaa	Moody's		03/27/23	318,350
Federal Home Loan Bank	Aaa	Moody's		03/28/23	332,154
Federal Home Loan Bank	Aaa	Moody's		04/05/23	979,620
Federal Home Loan Bank	Aaa	Moody's		04/25/23	442,515
Federal Home Loan Bank	Aaa	Moody's		05/08/23	909,969
Federal Home Loan Bank	Aaa	Moody's		07/25/23	534,144
Federal Home Loan Bank	Aaa	Moody's		10/04/32	69,427
Total Federal Home Loan Bank			15.4%		\$ 6,925,925
Federal Farm Credit Bank	Aaa	Moody's		08/07/18	\$ 24,970
Federal Farm Credit Bank	Aaa	Moody's		10/04/27	87,491
Total Federal Farm Credit Bank			<5%		\$ 112,461
U.S. Treasury Bond - Stripped	N/A	N/A	N/A	11/15/42	\$ 300,250

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
Local securities					
Crow Wing County MN General Obligation Bond	Aa2	Moody's		02/01/14	\$ 50,136
Brown Deer Wisconsin School Bond	Aa3	Moody's		03/01/14	455,532
Madison WS Area Tech Col GO Bond	Aaa	Moody's		03/01/14	100,270
Alexandria MN School General Obligation Bond	Aa2	Moody's		02/01/15	79,335
Mankato MN School General Obligation Bond	AA+	S&P		02/01/15	51,972
Scott County MN General Obligation Bond	AA+	S&P		02/01/15	143,557
New London WS School General Obligation Bond	A2	Moody's		04/01/15	115,427
Daniel Boone PA School General Obligation Bond	A1	Moody's		04/01/15	116,988
Etowah TN General Obligation Bond	A	S&P		06/01/15	214,766
Oregon State School Boards Association GO Bond	Aa2	Moody's		06/30/15	129,426
Rhode Island State and Providence Plant GO Bond	Aa2	Moody's		08/01/15	268,480
Jersey City NJ General Obligation Bond	A2	Moody's		09/01/15	1,773,598
Ewing TWP NJ School General Obligation Bond	Aa3	Moody's		10/01/15	149,826
South Carolina State Single Family Housing Re	Aa1	Moody's		01/01/17	49,127
Newport News Virginia Development Bond	Aa1	Moody's		07/01/18	48,030
Dist. of Columbia Income Tax Secured Revenue	Aa1	Moody's		12/01/19	48,433
Frederick County Maryland General Obligation	Aa1	Moody's		08/01/20	46,137
South Dakota Conservancy Dist Rev Bond	AAA	S&P		08/01/20	97,757
Easton Massachusetts General Obligation Bond	Aa3	Moody's		08/15/21	19,323
Greendale Wisconsin General Obligation Bond	Aa2	Moody's		03/01/23	23,122
Myrtle Beach S. Carolina General Obligation Bond	Aa2	Moody's		03/01/24	45,894
Newport News Virginia Development Bond	Aa1	Moody's		07/01/24	91,398
Anoka County MN General Obligation Bond	Aa1	Moody's		02/01/33	31,174
Total local securities			9.2%		\$ 4,149,708
Investment pools					
MAGIC Fund - General Revenue					\$ 19,756,865
MAGIC Fund - Solid Waste Long-Term					1,516,314
MAGIC Fund - Solid Waste Management					1,279,949
MAGIC Fund - Road and Bridge					1,000,000
Total investment pools	N/R		N/A	N/A	\$ 23,553,128
Negotiable certificates of deposit	N/R				\$ 5,105,386
Money market	N/R				\$ 253,986
Total investments					\$ 41,664,123
Deposits					3,267,436
Change funds					7,095
Total Cash and Investments					\$ 44,938,654

N/A - Not Applicable

N/R - Not Rated

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2013, for the County's governmental activities and business-type activities are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes	\$ 574,641	\$ -
Special assessments	1,029,265	693,413
Accounts	346,498	-
Accrued interest receivable	142,763	-
Due from other governments	4,874,371	1,336,096
Total Governmental Activities	<u>\$ 6,967,538</u>	<u>\$ 2,029,509</u>
Business-Type Activities		
Special assessments	\$ 55,690	\$ -
Accounts	256,198	-
Accrued interest receivable	5,791	-
Due from other governments	836,418	-
Total Business-Type Activities	<u>\$ 1,154,097</u>	<u>\$ -</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 328,752	\$ -	\$ -	\$ 328,752
Construction in progress	1,714,879	47,542	1,714,879	47,542
Total capital assets not depreciated	\$ 2,043,631	\$ 47,542	\$ 1,714,879	\$ 376,294
Capital assets depreciated				
Land improvements	\$ 353,534	\$ -	\$ -	\$ 353,534
Buildings	15,504,329	68,107	-	15,572,436
Machinery, furniture, and equipment	11,803,274	1,184,082	680,321	12,307,035
Infrastructure	110,708,822	8,742,922	-	119,451,744
Total capital assets depreciated	\$ 138,369,959	\$ 9,995,111	\$ 680,321	\$ 147,684,749
Less: accumulated depreciation for				
Land improvements	\$ 72,849	\$ 13,127	\$ -	\$ 85,976
Buildings	5,457,430	326,853	-	5,784,283
Machinery, furniture, and equipment	7,179,346	1,353,127	674,436	7,858,037
Infrastructure	41,399,248	3,454,222	-	44,853,470
Total accumulated depreciation	\$ 54,108,873	\$ 5,147,329	\$ 674,436	\$ 58,581,766
Total capital assets depreciated, net	\$ 84,261,086	\$ 4,847,782	\$ 5,885	\$ 89,102,983
Governmental Activities Capital Assets, Net	\$ 86,304,717	\$ 4,895,324	\$ 1,720,764	\$ 89,479,277

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,084,851	\$ -	\$ -	\$ 1,084,851
Construction in progress	345,496	-	345,496	-
Total capital assets not depreciated	\$ 1,430,347	\$ -	\$ 345,496	\$ 1,084,851
Capital assets depreciated				
Buildings	\$ 13,530,449	\$ 477,204	\$ -	\$ 14,007,653
Landfill	9,801,522	-	-	9,801,522
Improvements other than building	685,606	-	-	685,606
Machinery, furniture, and equipment	1,618,154	5,908	-	1,624,062
Infrastructure	1,345,911	-	-	1,345,911
Total capital assets depreciated	\$ 26,981,642	\$ 483,112	\$ -	\$ 27,464,754
Less: accumulated depreciation for				
Buildings	\$ 7,143,388	\$ 480,588	\$ -	\$ 7,623,976
Landfill	7,405,058	13,055	-	7,418,113
Improvements other than building	224,674	13,953	-	238,627
Machinery, furniture, and equipment	1,290,910	58,188	-	1,349,098
Infrastructure	125,589	53,837	-	179,426
Total accumulated depreciation	\$ 16,189,619	\$ 619,621	\$ -	\$ 16,809,240
Total capital assets depreciated, net	\$ 10,792,023	\$ (136,509)	\$ -	\$ 10,655,514
Business-Type Activities				
Capital Assets, Net	\$ 12,222,370	\$ (136,509)	\$ 345,496	\$ 11,740,365

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	\$ 256,635
Public safety	188,800
Highways and streets, including depreciation of infrastructure assets	3,555,112
Human services	38,724
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>1,108,058</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,147,329</u>

Business-Type Activities	
Family Service Center	\$ 353,770
Juvenile Center	147,130
Public Health	1,180
Solid Waste	<u>117,541</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 619,621</u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2013, is as follows:

1. Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Social Services	\$ 198,075
	Public Health	33,845
	Agency Funds	<u>22,645</u>
Total due to General Fund		<u>\$ 254,565</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

B. Interfund Receivables, Payables, and Transfers

1. Due To/From Other Funds (Continued)

Receivable Fund	Payable Fund	Amount
Social Services	Public Health	\$ 138,543
Ditch Debt Service	General	\$ 408
	Agency	383
Total due to Ditch Debt Service Fund		\$ 791
Joint Highway Debt Service	Road and Bridge	\$ 149,316
Gravel Removal	Road and Bridge	\$ 78,432
Family Service Center	Social Services	\$ 7,163
Juvenile Center	General	\$ 73,811
	Social Services	6,795
Total due to Juvenile Center Fund		\$ 80,606
Public Health	General	\$ 18,880
	Social Services	92,129
	Juvenile Center	14,387
Total due to Public Health Fund		\$ 125,396
Internal Service	Public Health	\$ 1,513
Agency	Agency	\$ 93,968
Total Due To/From Other Funds		\$ 930,293

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

B. Interfund Receivables, Payables, and Transfers

1. Due To/From Other Funds (Continued)

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

2. Advances From/To Other Funds

Receivable Fund	Payable Fund	Amount
General	Other governmental	\$ 20,000
	Family Service Center	1,495,000
	Juvenile Center	350,000
Total General Fund		<u>\$ 1,865,000</u>

The purpose of the advances from the General Fund was to cover negative cash balances. The advances will be repaid when cash is available.

3. Interfund Transfers

Interfund transfers for the year ended December 31, 2013, consisted of the following:

Transfers to General Fund from Solid Waste Management Enterprise Fund	\$ 100,000	To transfer funds as a reimbursement of services
Transfers to Joint Highway Debt Service Fund from General Fund	10,000	To transfer proceeds to cover fund deficit
Transfers to Joint Highway Debt Service Fund from Road and Bridge Fund	149,316	To transfer funds for interest payment on 2013 State-Aid Road Bonds
Transfers to Family Service Center Enterprise Fund from General Fund	402,964	To transfer funds for cash flow purposes
Transfers to Juvenile Center Enterprise Fund from General Fund	225,353	To transfer funds to cover shelter care deficit
Transfers to Public Health Enterprise Fund from General Fund	<u>567,701</u>	Budgeted transfer
Total Interfund Transfers	<u>\$ 1,455,334</u>	

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities

1. Payables

Payables at December 31, 2013, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts	\$ 950,022	\$ 128,288
Salaries	646,615	152,884
Contracts	798,434	4,812
Due to other governments	<u>1,319,278</u>	<u>298,204</u>
Total Payables	<u>\$ 3,714,349</u>	<u>\$ 584,188</u>

2. Unearned Revenue

Unearned revenue as of December 31, 2013, was as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Charges for services	\$ -	\$ 119,502
Grants	-	13,249
Rent	750	19,425
Miscellaneous	<u>12,848</u>	<u>-</u>
Total Unearned Revenue	<u>\$ 13,598</u>	<u>\$ 152,176</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

3. Leases

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. These capital leases consist of the following at December 31, 2013:

<u>Lease</u>	<u>Maturity</u>	<u>Installment</u>	<u>Payment Amount</u>	<u>Original</u>	<u>Balance</u>
Governmental Activities					
2007 motor grader	2015	Annual	\$ 16,553	\$ 190,228	\$ 15,856
2007 motor grader	2015	Annual	16,553	190,228	15,856
2007 motor grader	2015	Annual	16,681	190,984	15,979
2007 motor grader	2015	Annual	15,525	190,228	14,871
2007 motor grader	2015	Annual	15,524	190,228	14,871
2007 motor grader	2015	Annual	15,652	190,984	14,993
2007 motor grader	2015	Annual	16,264	190,984	15,580
2007 motor grader	2015	Annual	24,253	238,232	23,232
2009 excavator	2014	Annual	18,373	78,721	4,545
2010 copier	2015	Monthly	1,957	8,458	2,201
2010 copier	2015	Monthly	1,407	6,080	1,583
2010 copier	2015	Monthly	1,407	6,080	1,583
2010 copier	2015	Monthly	1,386	5,987	1,559
2011 copier	2016	Monthly	1,200	5,138	2,598
Total Governmental Activities					<u>\$ 145,307</u>

<u>Lease</u>	<u>Maturity</u>	<u>Installment</u>	<u>Payment Amount</u>	<u>Original</u>	<u>Balance</u>
Business-Type Activities					
2009 mail machine	2014	Quarterly	\$ 3,063	\$ 12,451	<u>\$ 751</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

3. Leases

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013, were as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2014	\$ 148,957	\$ 766
2015	2,234	-
2016	400	-
Total minimum lease payments	\$ 151,591	\$ 766
Less: amount representing interest	(6,284)	(15)
Present Value of Minimum Lease Payments	<u>\$ 145,307</u>	<u>\$ 751</u>

4. Long-Term Debt

Governmental Activities

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rate (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2013</u>
General obligation bonds					
2003 G.O. Ditch Bonds	2014	\$85,000 - \$110,000	2.8555	\$ 960,000	\$ 110,000
2005 G.O. Watershed Improvement Bonds	2016	\$60,000 - \$100,000	3.7950	830,000	290,000
2007 G.O. Watershed and Ditch Bonds	2018	\$40,000 - \$55,000	4.1853	475,000	265,000
2009 G.O. Watershed and Ditch Bonds	2017	\$205,000 - \$415,000	2.3798	2,620,000	1,190,000

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

4. Long-Term Debt

Governmental Activities (Continued)

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2013
General obligation bonds					
2008 G.O. Capital Improvement Plan Bonds	2022	\$110,000 - \$305,000	3.5350	5,135,000	3,520,000
2011 G.O. Capital Improvement Plan Bonds	2018	\$138,663 - \$653,920	1.4282	3,174,215	3,035,552
2013 G.O. Watershed Improvement Bonds	2021	\$265,000 - \$310,000	2.0680	2,000,000	2,000,000
2013 G.O. State-Aid Road Bonds	2019	\$850,000 - \$2,050,000	0.9295	10,600,000	10,600,000
Total general obligation bonds				<u>\$ 25,794,215</u>	<u>\$ 21,010,552</u>
Add: unamortized premiums					717,162
Less: unamortized discounts					<u>(8,903)</u>
Total General Obligation Bonds, Net					<u><u>\$ 21,718,811</u></u>

Business-Type Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2013
General obligation bonds					
2011 G.O. Capital Improvement Plan Bonds	2018	\$171,337 - \$221,080	1.4282	<u>\$ 1,030,785</u>	<u>\$ 859,448</u>
Less: unamortized discounts					(2,891)
Less: deferred amount on refunding					<u>(3,714)</u>
Total General Obligation Bonds, Net					<u><u>\$ 852,843</u></u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

5. Debt Service Requirements

Debt service requirements at December 31, 2013, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2014	\$ 2,439,974	\$ 517,472
2015	2,784,974	455,580
2016	3,891,684	381,103
2017	3,838,920	294,071
2018	3,475,000	200,189
2019 - 2022	4,580,000	187,706
Total	<u>\$ 21,010,552</u>	<u>\$ 2,036,121</u>

Business-Type Activities

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2014	\$ 210,026	\$ 9,100
2015	210,026	7,315
2016	218,317	4,846
2017	221,079	1,713
Total	<u>\$ 859,448</u>	<u>\$ 22,974</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 9,524,215	\$ 12,600,000	\$ 1,113,663	\$ 21,010,552	\$ 2,439,974
Add: deferred amounts for issuance premiums	25,172	799,954	107,964	717,162	-
Less: deferred amounts for issuance discounts	(10,654)	-	(1,751)	(8,903)	-
Total bonds payable	\$ 9,538,733	\$ 13,399,954	\$ 1,219,876	\$ 21,718,811	\$ 2,439,974
Capital leases	295,070	-	149,763	145,307	142,750
Other postemployment benefits (OPEB)	374,449	60,738	-	435,187	-
Compensated absences	2,334,824	1,509,306	1,398,251	2,445,879	641,659
Governmental Activities Long-Term Liabilities	<u>\$ 12,543,076</u>	<u>\$ 14,969,998</u>	<u>\$ 2,767,890</u>	<u>\$ 24,745,184</u>	<u>\$ 3,224,383</u>

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 1,600,785	\$ -	\$ 741,337	\$ 859,448	\$ 210,026
Add: deferred amounts for issuance premiums	330	-	330	-	-
Less: deferred amounts on refunding	(5,560)	-	(1,846)	(3,714)	-
Less: deferred amounts for issuance discounts	(3,460)	-	(569)	(2,891)	-
Total bonds payable	\$ 1,592,095	\$ -	\$ 739,252	\$ 852,843	\$ 210,026
Capital lease	3,604	-	2,853	751	751
Estimated liability for landfill closure/postclosure	3,103,400	2,001	-	3,105,401	-
Other postemployment benefits (OPEB)	100,100	14,759	-	114,859	-
Compensated absences	653,217	398,028	391,912	659,333	165,928
Business-Type Activities Long-Term Liabilities	<u>\$ 5,452,416</u>	<u>\$ 414,788</u>	<u>\$ 1,134,017</u>	<u>\$ 4,733,187</u>	<u>\$ 376,705</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

6. Changes in Long-Term Liabilities (Continued)

Long-term liabilities for internal service funds are included as part of the above totals based upon their activity. For internal service funds, \$138,382 of lease purchases payable are included in the amounts for the governmental activities at year-end.

D. Deferred Inflows/Outflows of Resources

1. Deferred Outflows

The County reports a \$3,714 deferred outflow in the business-type activities and the Juvenile Center Enterprise Fund statement of net position. A deferred charge on refunding results from the remaining discount on refunded debt.

2. Deferred Inflows

As of December 31, 2013, there were various components of unavailable revenue as follows:

Taxes	\$	469,104
Special assessments		2,457,463
Intergovernmental		1,545,124
Miscellaneous		<u>650,096</u>
Total Unavailable Revenue	\$	<u>5,121,787</u>

Advance allotments consist of state aid received by the County but not yet appropriated by the State of Minnesota. Total advance allotments at December 31, 2013, are \$1,362,205.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plan

Plan Description

All full-time and certain part-time employees of Clay County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Local Government Correctional Service Retirement Fund (the Public Employees Correctional Fund), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356.

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan and benefits vest after three years of credited service (five years for those first eligible for membership after June 30, 2010).

All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailer/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates, are covered by the Public Employees Correctional Fund. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years. Members eligible for membership before July 1, 2010, are fully vested after three years of service.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute. Defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plan

Plan Description (Continued)

Two methods are used to compute benefits for General Employees Retirement Fund Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

For General Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund and Public Employees Correctional Fund members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for Public Employees Police and Fire Fund members and Public Employees Correctional Fund members, and either 65 or 66 (depending on date hired) for General Employees Retirement Fund members. A reduced retirement annuity is also available to eligible members seeking early retirement.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plan (Continued)

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 9.60 percent. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll in 2013:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.25
Public Employees Police and Fire Fund	14.40
Public Employees Correctional Fund	8.75

The County's contributions for the years ending December 31, 2013, 2012, and 2011, for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Employees Retirement Fund	\$ 1,098,572	\$ 1,039,060	\$ 1,029,086
Public Employees Police and Fire Fund	314,721	306,272	302,648
Public Employees Correctional Fund	165,883	156,802	156,996

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

4. Employee Retirement Systems and Pension Plans (Continued)

B. Defined Contribution Plan

Five County Commissioners of Clay County are covered by the Public Employees Defined Contribution Plan, a multiple-employer, deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the State Legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2013, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 8,344	\$ 8,344
Percentage of covered payroll	5%	5%

Required contribution rates were 5.00 percent.

C. Other Postemployment Benefits (OPEB)

Plan Description

Clay County provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical insurance benefits. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

C. Other Postemployment Benefits (OPEB) (Continued)

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the Clay County Board of Commissioners. The required contribution is based on projected pay-as-you-go financing requirements. Retirees and their spouses contribute to the health care plan at the same rate as County employees. This results in the retirees receiving an implicit rate subsidy. There were approximately 361 participants in the plan, including 8 retirees.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the plan.

ARC	\$ 160,157
Interest on net OPEB obligation	21,355
Adjustment to ARC	<u>(29,472)</u>
Annual OPEB cost (expense)	\$ 152,040
Contributions made	<u>(76,543)</u>
Increase in net OPEB obligation	\$ 75,497
Net OPEB Obligation - Beginning of Year	<u>474,549</u>
Net OPEB Obligation - End of Year	<u><u>\$ 550,046</u></u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

C. Other Postemployment Benefits (OPEB)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended December 31, 2011, 2012, and 2013, were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2011	\$ 137,033	\$ 50,154	36.5%	\$ 368,302
December 31, 2012	154,042	47,795	31.0	474,549
December 31, 2013	152,040	76,543	50.3	550,046

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,289,065, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,289,065. The covered payroll (annual payroll of active employees covered by the plan) was \$17,503,426, and the ratio of the UAAL to the covered payroll was 7.4 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress - Other Postemployment Benefits, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

C. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5 percent investment rate of return (net of investment expenses), which is Clay County's implicit rate of return on the General Fund. The annual health care cost trend is 8.5 percent initially, reduced by decrements to an ultimate rate of 5.0 percent over 6 years. The UAAL is being amortized over 30 years on a closed basis. The remaining amortization period at December 31, 2013, was 24 years.

5. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Board reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,105,401 landfill closure and postclosure care liability at December 31, 2013, represents the cumulative amount reported to date based on the use of 45 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,737,977 as the remaining estimated capacity is filled and the date the landfill is expected to be filled to capacity (2077) due to a change in accounting estimates. The estimated total current cost of the landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, maintain, and adopt a contingency action plan at the landfill were acquired as of December 31, 2013. Actual cost may be higher due to inflation, changes in technology, or changes in state or federal laws and regulations affecting landfills.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

5. Landfill Closure and Postclosure Care Costs (Continued)

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements and, at December 31, 2013, investments of \$2,987,290 are held for these purposes. These are reported as restricted assets on the balance sheet. Clay County expects that future inflation costs will be paid from investment earnings on these annual contributions. However, if investment earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

6. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$470,000 per claim in 2013 and \$480,000 per claim in 2014. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining, and the County pays an annual premium to cover current and future losses. MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

7. Conduit Debt

The County has issued revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of educational facilities deemed to be in the public interest. The bonds are secured by the property financed through a series of loan agreements and are payable solely from the revenue of the entity. The County is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. Bonds issued and outstanding as of December 31, 2013, are as follows:

<u>Entity</u>	<u>Series</u>	<u>Principal Issued</u>	<u>Outstanding</u>
Concordia College Corporation	2001	\$ 3,300,000	\$ 2,100,000
Minnesota State University Moorhead	2001	3,940,000	3,080,088
Concordia College Corporation	2003	2,300,000	1,800,000
Concordia College Corporation	2004	7,000,000	6,900,000
Eventide	2006	2,000,000	1,527,253

8. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The County, in connection with the normal conduct of its affairs, is involved in various judgments, claims, and litigations; it is expected that the final settlement of these matters will not materially affect the financial statements of the County.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items (Continued)

B. Joint Ventures

West Central Area Agency on Aging

The West Central Area Agency on Aging was established June 2, 1982, by a joint powers agreement among Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, and Wilkin Counties. The agreement was established to administer all aspects of the Older Americans Act by providing programs to meet the needs of the elderly in the nine-county area. Each county may be assessed a proportional share of the 25 percent of the administrative costs incurred in carrying out this agreement. Each county's proportional share of this 25 percent of the administrative costs will be based upon the number of persons age 60 or older living within that county.

Any county may withdraw by providing notice to the chair of the Board 90 days prior to the beginning of the fiscal year. The chair shall forward a copy to each of the counties. Withdrawal shall not result in the discharging of any liability incurred or chargeable to any county before the effective date of withdrawal.

Control is vested in the West Central Board on Aging. The Board consists of one Commissioner from each of the counties. Each member of the Board is appointed by the County Commissioners of the county he or she represents. Complete financial statements for the West Central Area Agency on Aging can be obtained from its administrative office at P. O. Box 726, Fergus Falls, Minnesota 56538-0726.

Fargo-Moorhead Metropolitan Council of Governments

The Fargo-Moorhead Metropolitan Council of Governments was established in 1967 by a joint powers agreement between the Cities of Fargo and West Fargo, North Dakota; Moorhead and Dilworth, Minnesota; Cass County, North Dakota; and Clay County. The primary purpose of the Council is metropolitan area planning for the two-county area. The Council also serves as a coordinating agency for investigations and studies for improvement of government and services in the area.

The primary source of revenues is federal grants administered by the North Dakota and Minnesota Departments of Transportation, the Federal Transit Administration, and member support on a per capita basis. During 2013, Clay County contributed \$12,102 to the Fargo-Moorhead Metropolitan Council of Governments.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Fargo-Moorhead Metropolitan Council of Governments (Continued)

Control of the Council is vested in a 13-member Board of Directors, of which one member is an elected County Commissioner. The Council representatives to the Board are appointed by their respective governing bodies for a term determined by their governing bodies.

As of December 31, 2013, the total net assets of the Fargo-Moorhead Metropolitan Council of Governments are \$238,759. Complete financial statements for the Council may be obtained from its administrative office at Case Plaza, One 2nd Street North, Suite 232, Fargo, North Dakota 58102.

Northwestern Counties Data Processing Security Association

The Northwestern Counties Data Processing Security Association (NCDPSA) was formed in 1994 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomon, Marshall, Pennington, Polk, Roseau, and Wadena Counties. The purpose of the NCDPSA is to provide a mechanism whereby the counties may cooperatively provide for a data processing disaster recovery plan and back-up system.

Control of the NCDPSA is vested in the NCDPSA Joint Powers Board, which comprises one County Commissioner from each member county. In the event of dissolution, the net assets of the NCDPSA at that time shall be distributed to the respective member counties in proportion to their contributions.

The NCDPSA has no long-term debt. Financing is provided by grants from the State of Minnesota and appropriations from member counties. Complete financial information can be obtained from the Clearwater County Auditor, 213 North Main Avenue, Bagley, Minnesota 56621.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

Clay County Joint Powers Collaborative

The Clay County Joint Powers Collaborative was established March 4, 1997, under the authority of the Joint Powers Act, pursuant to Minn. Stat. §§ 471.59 and 124D.23. The Collaborative includes Clay County; Independent School Districts 152 (Moorhead), 146 (Barnesville), 2164 (Dilworth-Glyndon-Felton), 150 (Hawley), and 914 (Ulen-Hitterdal); the Clay-Wilkin Opportunity Council; Lakeland Mental Health; and Clay County Court Services. The purpose of the Collaborative is to provide services designed to enhance opportunities for children or youth to improve child health and development, reduce barriers to adequate school performance, improve family functioning, provide community service, enhance self-esteem, and develop general employment skills.

Control of the Clay County Joint Powers Collaborative is vested in a 20-member Board of Directors appointed by the member parties.

In the event of a withdrawal from the Clay County Joint Powers Collaborative, the withdrawing party shall give a 90-day notice. The Board shall continue to exist if the Collaborative is terminated for the limited purpose of discharging the Collaborative's debts and liabilities, settling its affairs, and disposing of its property.

Financing is provided by state and federal grants and contributions from its member parties. Clay County, in an agent capacity, reports the cash transactions of the Clay County Joint Powers Collaborative as an agency fund on its financial statements. During 2013, the County did not contribute any funds to the Collaborative.

West Central Minnesota Drug Task Force

The West Central Minnesota Drug Task Force was established in 1996 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Becker, Clay, Douglas, Grant, Otter Tail, and Todd Counties, and the Cities of Alexandria, Breckenridge, Detroit Lakes, Fargo, Fergus Falls, Moorhead, Pelican Rapids, Perham, and Wahpeton. The Task Force's objectives are to detect, investigate, and apprehend controlled substance offenders in the six-county area.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

B. Joint Ventures

West Central Minnesota Drug Task Force (Continued)

Control of the West Central Minnesota Drug Task Force is vested in a Board of Directors. The Board of Directors consists of department heads or a designee from each participating full-time member agency.

In the event of dissolution of the West Central Minnesota Drug Task Force, the equipment will be divided and returned to the appropriate agencies. However, if only one agency terminates its agreement and the unit continues, all equipment will remain with the Task Force.

Douglas County, in an agent capacity, reports the cash transactions of the West Central Minnesota Drug Task Force as an agency fund on its financial statements. Financing and equipment will be provided by the full-time and associated member agencies. During 2013, the County contributed \$3,000 to the Task Force.

Clay County/MnDOT/City of Moorhead Jointly-Operated Public Works Facility

In 2002, Clay County entered into a Partnership Agreement with the City of Moorhead and the Minnesota Department of Transportation for the construction, ownership, and operation of a Public Works Facility. Ownership of the facility is in the following proportions: State - 33 percent, County - 45 percent, City - 22 percent. Ownership of the land is in equal shares. A Management Committee, comprised of one member from each entity, is responsible for the operation and resolution of issues pertaining to the complex.

Northwest Minnesota Regional Radio Board

The Northwest Minnesota Regional Radio Board's convening meeting was held February 6, 2008, pursuant to the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39, and includes the City of Moorhead and the Counties of Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Northwest Minnesota Regional Radio Board (Continued)

The purpose of the Northwest Regional Radio Board is to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) owned and operated by the State of Minnesota.

Control of the Northwest Minnesota Regional Radio Board is vested in the Northwest Minnesota Regional Radio Board, which is composed of one Commissioner of each county appointed by their respective County Board and one City Council member from each city appointed by their respective City Council, as provided in the Northwest Minnesota Regional Radio Board's by-laws.

In the event of dissolution of the Northwest Minnesota Regional Radio Board, all property, assets, and funds of the Board shall be distributed to the parties of the agreement upon termination in direct proportion to their participation and contribution.

Any city or county that has withdrawn from the agreement prior to termination of the Board shall share in the distribution of property, assets, and funds of the Board only to the extent they shared in the original expense.

The Northwest Minnesota Regional Radio Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants. Complete financial information can be obtained from Northwest Minnesota Regional Radio Board, c/o Greater Northwest EMS, 2301 Johanneson Avenue N.W., Suite 103, Bemidji, Minnesota 56601.

Rural Minnesota Concentrated Employment Programs, Inc. (WIA - Rural Minnesota Workforce Service Area 2)

Rural Minnesota Concentrated Employment Programs, Inc., was established to create job training and employment opportunities for economically disadvantaged, underemployed and unemployed persons, and youthful persons in both the private and the public sector.

During 2013, the County did not contribute any funds to this organization.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items (Continued)

C. Jointly-Governed Organizations

Clay County, in conjunction with other governmental entities and various private organizations, has formed the jointly-governed organizations listed below:

Minnesota Rural Counties Caucus

The Minnesota Rural Counties Caucus was established in 1997 and includes Becker, Beltrami, Clay, Clearwater, Itasca, Kittson, Lake, Lake of the Woods, Mahnomen, Marshall, McLeod, Morrison, Norman, Pennington, Polk, Red Lake, and Roseau Counties.

Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee which is composed of ten directors, each with an alternate, who are appointed annually by each respective County Board. Clay County's responsibility does not extend beyond making this appointment.

Western Area City/County Co-op

Clay County and 24 other cities and counties entered into a joint powers agreement to establish the Western Area City/County Co-op (WACCO) Joint Powers Board, effective September 5, 1995, and empowered under Minn. Stat. § 471.59. The purpose of the Board is to establish a resource network that identifies common needs of the individual governmental units and reduces the financial burden on each of its members through the cooperative sharing of existing resources.

The management and control of WACCO is vested in a Board of Directors composed of a representative appointed by each member city and county.

District IV Transportation Planning

Clay County and 13 other cities and counties entered into a joint powers agreement to establish the District IV Transportation Planning Joint Powers Board, effective December 11, 1996, and empowered under Minn. Stat. § 471.59. The purpose of the Board is to develop a multi-modal transportation plan for the geographical jurisdiction of the member cities and counties. The Board is composed of 14 members, with one member appointed by each member city and county.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations (Continued)

Agassiz Recreational Trail Joint Powers Board

Clay, Norman, and Polk Counties entered into a joint powers agreement to establish the Agassiz Recreational Trail Joint Powers Board, effective February 9, 1993, and empowered under Minn. Stat. § 471.59. The purpose of the Board is to provide the construction, maintenance, and operation of a system of trails and pathways. The Board consists of two members appointed by each member county and one person appointed by the Norman County Soil and Water Conservation District.

Minnesota Red River Basin of the North Joint Powers Agreement

The Minnesota Red River Basin of the North Joint Powers Board was established November 29, 1999, by an agreement between Clay County and 14 other counties. The agreement was made to serve as a focal point for land and water concerns for those counties surrounding the Minnesota Red River Basin. Each county is responsible for its proportionate share of the administrative budget. Control is vested in a Joint Powers Board comprised of one Commissioner from each member county. Each member of the Board is appointed by the County Commissioners of the county he or she represents. In the event of termination of the agreement, any unexpended funds and surplus property shall be disposed of equally among the member counties.

During 2013, the County contributed \$1,281 to the Joint Powers Board. Complete financial statements can be obtained from the offices of the International Coalition.

Oakport Joint Powers Agreement

Clay County, the City of Moorhead, and Oakport Township entered into a joint powers agreement, effective February 15, 1990, and empowered under Minn. Stat. §§ 414.0325, subd. 5; 462.3585; 471.59; and 471.591. The purpose of the Board is to address land development concerns in the Oakport Township area that is scheduled for orderly annexation in 2015. The Oakport Joint Powers Board is comprised of six members, two appointed by each entity.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations (Continued)

Agassiz Regional Library

The Agassiz Regional Library was formed pursuant to Minn. Stat. §§ 134.20 and 471.59, effective January 1, 1981, and includes Becker, Clay, Clearwater, Mahnomen, Norman, Polk, and Wilkin Counties.

Control of the Library is vested in the Agassiz Regional Library Board, which is composed of 23 members with staggered terms made up of the following: one member appointed by each Board of County Commissioners who may be a member of the Board of Commissioners; one member appointed by each participating city; and one additional member appointed by each county and city for each 6,000 of population or major percentage (85 percent) thereof. Clay County contributed \$242,279 to the Agassiz Regional Library during 2013.

Red River Regional Dispatch Center

In 2001, a Joint Powers Agreement was entered into by the cities of Moorhead, Minnesota; Fargo, North Dakota; and the Counties of Cass, North Dakota; and Clay, Minnesota, for the joint operation of 911/Dispatch functions to reduce and/or eliminate duplication of equipment and staff time. The agreement was amended in 2008 to include the City of West Fargo, North Dakota. A joint board, comprised of members appointed by the governing bodies, is responsible for administering the joint dispatch center.

Minnesota Counties Computer Cooperative (MCCC)

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created MCCC to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. Clay County is a member of this organization.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations (Continued)

Homeland Security and Emergency Management (HSEM) Region 3 Emergency Managers

The HSEM Region 3 Emergency Managers Joint Powers Board was formed pursuant to Minn. Stat. § 471.59, and includes Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnommen, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau Counties. The Board was established to engage in planning, training, and/or the purchase and use of equipment in order to better respond to emergencies and other disasters within the HSEM Region 3; specifically, within the jurisdictional boundaries of the 14 member counties.

Control is vested in the HSEM Region 3 Emergency Managers Board, which is composed of 14 representatives appointed by each Board of County Commissioners. Clay County's responsibility does not extend beyond making this appointment.

Minnesota Criminal Justice Data Communications Network

The Minnesota Criminal Justice Data Communications Network Joint Powers Agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, the County made no payments to the joint powers.

Sentence to Service

Clay County, in conjunction with other local governments, participates in the State of Minnesota's Sentence to Serve (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various foundations and initiative funds, as well as the Departments of Corrections and Natural Resources, provide the funds needed to operate the STS program.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations (Continued)

Southwest Minnesota Immunization Information Connection

The Southwest Minnesota Immunization Information Connection (SW-MIIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. The County did not contribute to the SW-MIIC during 2013.

D. Related Organizations

Clay County Housing and Redevelopment Authority

The Clay County Housing and Redevelopment Authority (HRA) has its own governing board which is appointed by the Clay County Board of Commissioners. Clay County has no other financial, operational, or managerial control over this organization.

Buffalo-Red River Watershed District

The Buffalo-Red River Watershed District was formed pursuant to Minn. Stat. § 103D.201, effective June 17, 1963, and includes land within Becker, Clay, and Wilkin Counties. The purpose of the District is to conserve the natural resources of the state by land-use planning, flood control, and other conservation projects by using sound scientific principles for the protection of the public health and welfare and the provident use of natural resources. Control of the District is vested in the Buffalo-Red River Watershed District Board of Managers, which is composed of five members having staggered terms of three years each, with three appointed by the Clay County Board, one appointed by the Becker County Board, and one appointed by the Wilkin County Board.

Wild Rice Watershed District

The Wild Rice Watershed District was established in 1969, pursuant to Minn. Stat. ch. 103D, and includes Becker, Clay, Clearwater, Mahnomen, Norman, and Polk Counties. The purpose of the Wild Rice Watershed District is to oversee watershed projects, conduct studies for future project planning, administration of legal drainage systems, issuance of applications and permits, public education on conservation issues, and dispute resolution.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

D. Related Organizations

Wild Rice Watershed District (Continued)

Control of the Watershed District is vested in the Board of Managers, which is composed of seven members appointed by the County Commissioners of Becker, Clay, Mahnomen, and Norman Counties. Norman County appoints three members, Clay County appoints two members, and Mahnomen and Becker Counties each appoint one member.

Lakeland Mental Health Center

Lakeland Mental Health Center was formed pursuant to Minn. Stat. ch. 317A as a 501-C3 nonprofit corporation on February 10, 1961, and includes Becker, Clay, Grant, Otter Tail, and Pope Counties. The purpose of Lakeland Mental Health Center is to promote healthy individuals, families, and communities by providing high quality accessible mental health services.

The management of Lakeland Mental Health Center is vested in a Board of Directors consisting of one Commissioner and one community-at-large representative from each member county, plus one human service director, or equivalent position, rotated between the member counties.

Services are provided to the member counties through purchase of service agreements. A member county may lose its membership, by action of the Board of Directors, if it fails to have a signed contract with Lakeland Mental Health Center. Clay County paid \$1,304,457 in 2013 for services purchased through Lakeland Mental Health Center.

This page was left blank intentionally.

REQUIRED SUPPLEMENTARY INFORMATION

This page was left blank intentionally.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT A-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 12,718,888	\$ 12,718,888	\$ 12,690,751	\$ (28,137)
Licenses and permits	44,230	44,230	104,972	60,742
Intergovernmental	3,777,077	3,777,077	4,826,417	1,049,340
Charges for services	1,737,219	1,737,219	1,549,570	(187,649)
Fines and forfeits	44,000	44,000	155,055	111,055
Investment earnings	125,050	125,050	(371,334)	(496,384)
Miscellaneous	645,283	645,283	611,782	(33,501)
Total Revenues	\$ 19,091,747	\$ 19,091,747	\$ 19,567,213	\$ 475,466
Expenditures				
Current				
General government				
Commissioners	\$ 280,936	\$ 280,936	\$ 277,122	\$ 3,814
Courts	80,000	80,000	75,570	4,430
Personnel coordinator	80,000	80,000	66,355	13,645
Law library	101,395	101,395	111,869	(10,474)
County administration	273,062	273,062	270,923	2,139
County auditor	683,372	683,372	647,459	35,913
License bureau	422,821	422,821	411,100	11,721
County treasurer	217,380	217,380	191,634	25,746
County assessor	378,624	378,624	385,571	(6,947)
Elections	100,220	100,220	39,941	60,279
Internal audit	70,000	70,000	72,577	(2,577)
Technology services	1,115,750	1,115,750	1,069,552	46,198
Personnel	185,154	185,154	184,439	715
Information services	277,588	277,588	354,112	(76,524)
Attorney	1,230,232	1,230,232	1,150,637	79,595
Victim witness	93,185	93,185	95,587	(2,402)
Unanticipated trial costs	20,000	20,000	20,000	-
Recorder	471,723	471,723	534,728	(63,005)
Surveyor	40,000	40,000	37,342	2,658
Planning and zoning	381,315	381,315	1,073,921	(692,606)
Maintenance	735,364	735,364	913,590	(178,226)
Veterans service officer	181,165	181,165	184,919	(3,754)
Unallocated	884,892	884,892	765,377	119,515
Total general government	\$ 8,304,178	\$ 8,304,178	\$ 8,934,325	\$ (630,147)

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 3,564,472	\$ 3,564,472	\$ 3,758,951	\$ (194,479)
Safe and sober	7,141	7,141	10,874	(3,733)
Snowmobile	4,646	4,646	4,426	220
Law enforcement grant	35,092	35,092	111,236	(76,144)
ATV	5,525	5,525	296	5,229
Safe community coalition of the RRV	-	-	248	(248)
Coroner	91,040	91,040	147,886	(56,846)
E-911 system	69,732	69,732	72,763	(3,031)
Community corrections	3,072,429	3,072,429	3,014,576	57,853
Dispatchers	348,244	348,244	302,465	45,779
Probation and parole	628,363	628,363	631,611	(3,248)
Juvenile detention	745,103	745,103	541,683	203,420
Electronic monitoring	90,000	90,000	77,074	12,926
Civil defense	100,623	100,623	131,580	(30,957)
Total public safety	\$ 8,762,410	\$ 8,762,410	\$ 8,805,669	\$ (43,259)
Culture and recreation				
Historical society	\$ 178,172	\$ 178,172	\$ 178,172	\$ -
Humane society	1,500	1,500	1,500	-
Viking library	242,279	242,279	242,279	-
Total culture and recreation	\$ 421,951	\$ 421,951	\$ 421,951	\$ -
Conservation of natural resources				
County extension	\$ 239,121	\$ 239,121	\$ 236,443	\$ 2,678
FM feasibility study	145,000	145,000	220,000	(75,000)
Soil and water conservation	306,680	306,680	263,044	43,636
International coalition	1,281	1,281	1,281	-
Agricultural society/County fair	23,000	23,000	22,871	129
Valley water rescue	3,292	3,292	2,812	480
Total conservation of natural resources	\$ 718,374	\$ 718,374	\$ 746,451	\$ (28,077)

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Economic development				
Metropolitan Council	\$ 10,923	\$ 10,923	\$ 12,102	\$ (1,179)
Red River winter shows	800	800	800	-
West Central Council on Aging	5,907	5,907	6,058	(151)
Chamber of Commerce	1,390	1,390	1,425	(35)
County-wide incentive program	87,500	87,500	87,500	-
West Central MN Initiative	15,000	15,000	15,000	-
Pew Partnership	4,699	4,699	4,699	-
Riverkeepers	1,000	1,000	-	1,000
Rural Minnesota Counties Caucus	2,100	2,100	2,100	-
Minnesota Housing Partnership	600	600	195	405
Senior coordination program	31,750	31,750	31,750	-
Group workcamp	2,500	2,500	-	2,500
Total economic development	\$ 164,169	\$ 164,169	\$ 161,629	\$ 2,540
Total Expenditures	\$ 18,371,082	\$ 18,371,082	\$ 19,070,025	\$ (698,943)
Excess of Revenues Over (Under)				
Expenditures	\$ 720,665	\$ 720,665	\$ 497,188	\$ (223,477)
Other Financing Sources (Uses)				
Transfers in	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Transfers out	(820,665)	(820,665)	(1,206,018)	(385,353)
Total Other Financing Sources (Uses)	\$ (720,665)	\$ (720,665)	\$ (1,106,018)	\$ (385,353)
Net Change in Fund Balance	\$ -	\$ -	\$ (608,830)	\$ (608,830)
Fund Balance - January 1	8,698,398	8,698,398	8,698,398	-
Fund Balance - December 31	\$ 8,698,398	\$ 8,698,398	\$ 8,089,568	\$ (608,830)

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT A-2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 3,073,403	\$ 3,073,403	\$ 3,178,561	\$ 105,158
Licenses and permits	61,500	61,500	94,649	33,149
Intergovernmental	8,006,796	8,006,796	7,607,061	(399,735)
Charges for services	576,500	576,500	607,201	30,701
Investment earnings	-	-	(33,632)	(33,632)
Miscellaneous	145,000	145,000	69,973	(75,027)
Total Revenues	\$ 11,863,199	\$ 11,863,199	\$ 11,523,813	\$ (339,386)
Expenditures				
Current				
Highways and streets				
Administration	\$ 558,294	\$ 558,294	\$ 539,042	\$ 19,252
Maintenance	3,061,190	3,061,190	2,964,799	96,391
Construction	6,207,626	6,207,626	8,126,276	(1,918,650)
Equipment, maintenance, and shop	1,585,823	1,585,823	1,638,474	(52,651)
Total highways and streets	\$ 11,412,933	\$ 11,412,933	\$ 13,268,591	\$ (1,855,658)
Intergovernmental				
Highways and streets	\$ 450,266	\$ 450,266	\$ 471,742	\$ (21,476)
Debt service				
Bond issuance costs	\$ -	\$ -	\$ 86,620	\$ (86,620)
Total Expenditures	\$ 11,863,199	\$ 11,863,199	\$ 13,826,953	\$ (1,963,754)
Excess of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ (2,303,140)	\$ (2,303,140)
Other Financing Sources (Uses)				
Transfers out	\$ -	\$ -	\$ (149,316)	\$ (149,316)
Bonds issued	-	-	10,600,000	10,600,000
Premium on bonds/notes issued	-	-	710,900	710,900
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 11,161,584	\$ 11,161,584
Net Change in Fund Balance	\$ -	\$ -	\$ 8,858,444	\$ 8,858,444
Fund Balance - January 1	(551,560)	(551,560)	(551,560)	-
Increase (decrease) in inventories	-	-	(27,848)	(27,848)
Fund Balance - December 31	\$ (551,560)	\$ (551,560)	\$ 8,279,036	\$ 8,830,596

The notes to the required supplementary information are an integral part of this schedule.

Page 96

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT A-3

**BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 6,210,783	\$ 6,210,783	\$ 6,082,685	\$ (128,098)
Intergovernmental	10,023,714	10,023,714	8,901,797	(1,121,917)
Fines and forfeits	-	-	6,606	6,606
Miscellaneous	515,745	515,745	1,377,824	862,079
Total Revenues	\$ 16,750,242	\$ 16,750,242	\$ 16,368,912	\$ (381,330)
Expenditures				
Current				
Human services				
Income maintenance	\$ 5,235,969	\$ 5,235,969	\$ 4,841,228	\$ 394,741
Social services	11,977,301	11,977,301	12,159,757	(182,456)
Total human services	\$ 17,213,270	\$ 17,213,270	\$ 17,000,985	\$ 212,285
Debt service				
Principal	\$ -	\$ -	\$ 5,569	\$ (5,569)
Interest	-	-	589	(589)
Total debt service	\$ -	\$ -	\$ 6,158	\$ (6,158)
Total Expenditures	\$ 17,213,270	\$ 17,213,270	\$ 17,007,143	\$ 206,127
Excess of Revenues Over (Under)				
Expenditures	\$ (463,028)	\$ (463,028)	\$ (638,231)	\$ (175,203)
Fund Balance - January 1	8,030,958	8,030,958	8,030,958	-
Fund Balance - December 31	\$ 7,567,930	\$ 7,567,930	\$ 7,392,727	\$ (175,203)

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT A-4

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
January 1, 2008	\$ -	\$ 783,750	\$ 783,750	0.0%	\$ 16,346,008	4.8%
January 1, 2010	-	1,110,782	1,110,782	0.0	17,357,192	6.4
January 1, 2012	-	1,289,065	1,289,065	0.0	17,503,426	7.4

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013**

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Gravel Removal Tax Reserve Special Revenue Fund, County Projects Capital Projects Fund, Americana Estates Debt Service Fund, and Ditch Debt Service Fund. All annual appropriations lapse at fiscal year-end.

On or before mid-June of each year, all departments and agencies submit requests for appropriations to the County Auditor so that a budget can be prepared. Before October 31, the proposed budget is presented to the County Board for review. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level. During the year, the Board made no budgetary amendments.

2. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

The following is a table of the individual funds which had expenditures in excess of budget for the year ended December 31, 2013.

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 19,070,025	\$ 18,371,082	\$ 698,943
Road and Bridge Special Revenue Fund	13,826,953	11,863,199	1,963,754

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Other Postemployment Benefits

Clay County implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the fiscal year ended December 31, 2008. See Note 4.C. to the financial statements for more information.

GASB Statement 45 requires a Schedule of Funding Progress - Other Postemployment Benefits for the three most recent valuations and accompanying notes to describe factors that significantly affect the trends in the amounts reported.

SUPPLEMENTARY INFORMATION

This page was left blank intentionally.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

County Building - to account for the acquisition or repair of buildings used in County administration.

Gravel Removal Tax Reserve - to account for ten percent of gravel removal tax collections used for the rehabilitation of exhausted gravel pits.

DEBT SERVICE FUNDS

Americana Estates - to account for the financial transactions of the Americana Estates project for the City of Moorhead sewer and water hook-up. Financing is provided by issuing bonds and will be paid back through special assessments levied against the Americana Estates' residents.

County Projects - to account for the retirement of bonds issued for the capital projects.

Courthouse Expansion - to account for the retirement of bonds issued for the courthouse expansion.

Joint Highway Facility - to account for the retirement of bonds issued for the Joint Highway Facility and the State-Aid Road bonds.

Law Enforcement Expansion - to account for the retirement of bonds issued for the Law Enforcement expansion.

CAPITAL PROJECTS FUND

County Projects Capital Projects - to account for financial resources to be used for improvement of capital facilities.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-1

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	Special Revenue (Exhibit B-3)	Debt Service (Exhibit B-5)	Capital Projects	Total (Exhibit 3)
<u>Assets</u>				
Cash and pooled investments	\$ 639,800	\$ 442,249	\$ 624,678	\$ 1,706,727
Undistributed cash in agency funds	746	11,268	-	12,014
Taxes receivable delinquent	1,082	16,423	-	17,505
Due from other funds	78,432	149,316	-	227,748
Total Assets	\$ 720,060	\$ 619,256	\$ 624,678	\$ 1,963,994
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 23,610	\$ 23,610
Advance from other funds	-	20,000	-	20,000
Total Liabilities	\$ -	\$ 20,000	\$ 23,610	\$ 43,610
Deferred Inflows of Resources				
Unavailable revenue	\$ 891	\$ 13,531	\$ -	\$ 14,422
Fund Balances				
Restricted for				
Debt service	\$ -	\$ 585,725	\$ -	\$ 585,725
Capital projects	-	-	601,068	601,068
Gravel pit restoration	605,852	-	-	605,852
Assigned to				
County building projects	113,317	-	-	113,317
Total Fund Balances	\$ 719,169	\$ 585,725	\$ 601,068	\$ 1,905,962
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 720,060	\$ 619,256	\$ 624,678	\$ 1,963,994

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Special Revenue (Exhibit B-4)	Debt Service (Exhibit B-6)	Capital Projects	Total (Exhibit 5)
Revenues				
Taxes	\$ 119,988	\$ 615,853	\$ -	\$ 735,841
Intergovernmental	9,361	72,543	-	81,904
Total Revenues	\$ 129,349	\$ 688,396	\$ -	\$ 817,745
Expenditures				
Capital outlay				
General government	\$ -	\$ -	\$ 212,380	\$ 212,380
Debt service				
Principal	-	483,663	-	483,663
Interest	-	320,791	-	320,791
Administrative (fiscal) charges	-	376	-	376
Total Expenditures	\$ -	\$ 804,830	\$ 212,380	\$ 1,017,210
Excess of Revenues Over (Under) Expenditures	\$ 129,349	\$ (116,434)	\$ (212,380)	\$ (199,465)
Other Financing Sources (Uses)				
Transfers in	-	159,316	-	159,316
Net Change in Fund Balance	\$ 129,349	\$ 42,882	\$ (212,380)	\$ (40,149)
Fund Balance - January 1	589,820	542,843	813,448	1,946,111
Fund Balance - December 31	\$ 719,169	\$ 585,725	\$ 601,068	\$ 1,905,962

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-3

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013**

	<u>County Building</u>	<u>Gravel Removal Tax Reserve</u>	<u>Total (Exhibit B-1)</u>
<u>Assets</u>			
Cash and pooled investments	\$ 112,380	\$ 527,420	\$ 639,800
Undistributed cash in agency funds	746	-	746
Taxes receivable delinquent	1,082	-	1,082
Due from other funds	-	78,432	78,432
Total Assets	<u>\$ 114,208</u>	<u>\$ 605,852</u>	<u>\$ 720,060</u>
<u>Deferred Inflows of Resources and Fund Balances</u>			
Deferred Inflows of Resources			
Unavailable revenue	<u>\$ 891</u>	<u>\$ -</u>	<u>\$ 891</u>
Fund Balances			
Restricted for			
Gravel pit restoration	\$ -	\$ 605,852	\$ 605,852
Assigned to			
County building projects	<u>113,317</u>	<u>-</u>	<u>113,317</u>
Total Fund Balances	<u>\$ 113,317</u>	<u>\$ 605,852</u>	<u>\$ 719,169</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 114,208</u>	<u>\$ 605,852</u>	<u>\$ 720,060</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>County Building</u>	<u>Gravel Removal Tax Reserve</u>	<u>Total (Exhibit B-2)</u>
Revenues			
Taxes	\$ 41,556	\$ 78,432	\$ 119,988
Intergovernmental	9,361	-	9,361
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 50,917	\$ 78,432	\$ 129,349
Fund Balance - January 1	<u>62,400</u>	<u>527,420</u>	<u>589,820</u>
Fund Balance - December 31	<u>\$ 113,317</u>	<u>\$ 605,852</u>	<u>\$ 719,169</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2013**

	<u>Americana Estates</u>	<u>County Projects</u>
<u>Assets</u>		
Cash and pooled investments	\$ 41,785	\$ 1,921
Undistributed cash in agency funds	-	477
Taxes receivable delinquent	-	377
Due from other funds	-	-
Total Assets	<u>\$ 41,785</u>	<u>\$ 2,775</u>
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Advance from other funds	\$ -	\$ -
Deferred Inflows of Resources		
Unavailable revenue	-	276
Fund Balances		
Restricted		
Restricted for debt service	<u>41,785</u>	<u>2,499</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 41,785</u>	<u>\$ 2,775</u>

EXHIBIT B-5

Courthouse Expansion	Joint Highway Facility	Law Enforcement Expansion	Total (Exhibit B-1)
\$ 214,103	\$ 2,118	\$ 182,322	\$ 442,249
5,324	2,900	2,567	11,268
7,761	4,595	3,690	16,423
-	149,316	-	149,316
\$ 227,188	\$ 158,929	\$ 188,579	\$ 619,256
\$ 10,000	\$ 10,000	\$ -	\$ 20,000
6,395	3,852	3,008	13,531
210,793	145,077	185,571	585,725
\$ 227,188	\$ 158,929	\$ 188,579	\$ 619,256

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Americana Estates</u>	<u>County Projects</u>
Revenues		
Taxes	\$ -	\$ 27,699
Intergovernmental	-	3,293
	<u>-</u>	<u>3,293</u>
Total Revenues	<u>\$ -</u>	<u>\$ 30,992</u>
Expenditures		
Debt service		
Principal	\$ -	\$ -
Interest	-	29,867
Administrative (fiscal) charges	-	-
	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 29,867</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 1,125</u>
Other Financing Sources (Uses)		
Transfers in	-	-
	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 1,125</u>
Fund Balance - January 1	<u>41,785</u>	<u>1,374</u>
Fund Balance - December 31	<u><u>\$ 41,785</u></u>	<u><u>\$ 2,499</u></u>

EXHIBIT B-6

Courthouse Expansion	Joint Highway Facility	Law Enforcement Expansion	Total (Exhibit B-2)
\$ 291,091	\$ 158,505	\$ 138,558	\$ 615,853
34,289	18,671	16,290	72,543
\$ 325,380	\$ 177,176	\$ 154,848	\$ 688,396
\$ 220,000	\$ 125,000	\$ 138,663	\$ 483,663
89,675	192,942	8,307	320,791
252	124	-	376
\$ 309,927	\$ 318,066	\$ 146,970	\$ 804,830
\$ 15,453	\$ (140,890)	\$ 7,878	\$ (116,434)
-	159,316	-	159,316
\$ 15,453	\$ 18,426	\$ 7,878	\$ 42,882
195,340	126,651	177,693	542,843
\$ 210,793	\$ 145,077	\$ 185,571	\$ 585,725

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-7

**BUDGETARY COMPARISON SCHEDULE
COUNTY BUILDING SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 41,049	\$ 41,049	\$ 41,556	\$ 507
Intergovernmental	8,951	8,951	9,361	410
Total Revenues	\$ 50,000	\$ 50,000	\$ 50,917	\$ 917
Expenditures				
Current				
General government				
Other general government	50,000	50,000	-	50,000
Net Change in Fund Balance	\$ -	\$ -	\$ 50,917	\$ 50,917
Fund Balance - January 1	62,400	62,400	62,400	-
Fund Balance - December 31	\$ 62,400	\$ 62,400	\$ 113,317	\$ 50,917

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-8

**BUDGETARY COMPARISON SCHEDULE
COUNTY PROJECTS DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 28,335	\$ 28,335	\$ 27,699	\$ (636)
Intergovernmental	3,026	3,026	3,293	267
Total Revenues	\$ 31,361	\$ 31,361	\$ 30,992	\$ (369)
Expenditures				
Debt service				
Interest	\$ 29,868	\$ 29,868	\$ 29,867	\$ 1
Administrative (fiscal) charges	500	500	-	500
Total Expenditures	\$ 30,368	\$ 30,368	\$ 29,867	\$ 501
Net Change in Fund Balance	\$ 993	\$ 993	\$ 1,125	\$ 132
Fund Balance - January 1	1,374	1,374	1,374	-
Fund Balance - December 31	\$ 2,367	\$ 2,367	\$ 2,499	\$ 132

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-9

**BUDGETARY COMPARISON SCHEDULE
COURTHOUSE EXPANSION DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 293,782	\$ 293,782	\$ 291,091	\$ (2,691)
Intergovernmental	31,377	31,377	34,289	2,912
Total Revenues	\$ 325,159	\$ 325,159	\$ 325,380	\$ 221
Expenditures				
Debt service				
Principal	\$ 220,000	\$ 220,000	\$ 220,000	\$ -
Interest	89,675	89,675	89,675	-
Administrative (fiscal) charges	600	600	252	348
Total Expenditures	\$ 310,275	\$ 310,275	\$ 309,927	\$ 348
Net Change in Fund Balance	\$ 14,884	\$ 14,884	\$ 15,453	\$ 569
Fund Balance - January 1	195,340	195,340	195,340	-
Fund Balance - December 31	\$ 210,224	\$ 210,224	\$ 210,793	\$ 569

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-10

**BUDGETARY COMPARISON SCHEDULE
JOINT HIGHWAY FACILITY DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 159,970	\$ 159,970	\$ 158,505	\$ (1,465)
Intergovernmental	17,086	17,086	18,671	1,585
Total Revenues	\$ 177,056	\$ 177,056	\$ 177,176	\$ 120
Expenditures				
Debt service				
Principal	\$ 125,000	\$ 125,000	\$ 125,000	\$ -
Interest	43,625	43,625	192,942	(149,317)
Administrative (fiscal) charges	400	400	124	276
Total Expenditures	\$ 169,025	\$ 169,025	\$ 318,066	\$ (149,041)
Excess of Revenues Over (Under)				
Expenditures	\$ 8,031	\$ 8,031	\$ (140,890)	\$ (148,921)
Other Financing Sources (Uses)				
Transfers in	-	-	159,316	159,316
Net Change in Fund Balance	\$ 8,031	\$ 8,031	\$ 18,426	\$ 10,395
Fund Balance - January 1	126,651	126,651	126,651	-
Fund Balance - December 31	\$ 134,682	\$ 134,682	\$ 145,077	\$ 10,395

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-11

**BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT EXPANSION DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 139,425	\$ 139,425	\$ 138,558	\$ (867)
Intergovernmental	14,892	14,892	16,290	1,398
Total Revenues	\$ 154,317	\$ 154,317	\$ 154,848	\$ 531
Expenditures				
Debt service				
Principal	\$ 138,663	\$ 138,663	\$ 138,663	\$ -
Interest	8,306	8,306	8,307	(1)
Administrative (fiscal) charges	1,000	1,000	-	1,000
Total Expenditures	\$ 147,969	\$ 147,969	\$ 146,970	\$ 999
Net Change in Fund Balance	\$ 6,348	\$ 6,348	\$ 7,878	\$ 1,530
Fund Balance - January 1	177,693	177,693	177,693	-
Fund Balance - December 31	\$ 184,041	\$ 184,041	\$ 185,571	\$ 1,530

**CLAY COUNTY
MOORHEAD, MINNESOTA**

FIDUCIARY FUNDS

AGENCY FUNDS

Forfeited Tax - is used to account for proceeds from the sale or rental of lands forfeited to the State of Minnesota pursuant to Minn. Stat. ch. 282. The distribution of the net proceeds, after deducting the expenses of the County for managing the tax-forfeited lands, is governed by Minn. Stat. § 282.08. Title to the tax-forfeited lands remains with the state until sold by the County.

Joint Powers Collaborative - to account for the collection and disbursement of funds for the local collaborative.

State Revenue - to account for the collection and disbursement of the state's share of fees, fines, and mortgage registry and state deed taxes collected by the County.

Taxes and Penalties - to account for the collection of taxes and penalties and their distribution to the various funds and governmental units.

Watershed Districts - to account for the collection and disbursement of funds for the maintenance of ditches.

This page was left blank intentionally.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT C-1

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>FORFEITED TAX</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 133,184	\$ 104,611	\$ 133,184	\$ 104,611
<u>Liabilities</u>				
Accounts payable	\$ 44	\$ 1	\$ 44	\$ 1
Due to other funds	125,561	93,968	125,561	93,968
Due to other governments	7,579	10,642	7,579	10,642
Total Liabilities	\$ 133,184	\$ 104,611	\$ 133,184	\$ 104,611
<u>JOINT POWERS COLLABORATIVE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 277,703	\$ 262,933	\$ 302,106	\$ 238,530
Due from other funds	59,538	-	59,538	-
Due from other governments	-	67,577	-	67,577
Total Assets	\$ 337,241	\$ 330,510	\$ 361,644	\$ 306,107
<u>Liabilities</u>				
Accounts payable	\$ 22,394	\$ 106,496	\$ 109,429	\$ 19,461
Due to other funds	11,183	154,827	143,365	22,645
Due to other governments	303,664	69,187	108,850	264,001
Total Liabilities	\$ 337,241	\$ 330,510	\$ 361,644	\$ 306,107

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT C-1
(Continued)**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>STATE REVENUE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 216,864	\$ 216,864	\$ -
Accounts receivable	16,431	14,421	16,431	14,421
Total Assets	\$ 16,431	\$ 231,285	\$ 233,295	\$ 14,421
<u>Liabilities</u>				
Due to other governments	\$ 16,431	\$ 231,285	\$ 233,295	\$ 14,421
<u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 1,222,190	\$ 72,655,169	\$ 72,351,373	\$ 1,525,986
Accounts receivable	9	-	9	-
Due from other funds	125,561	93,968	125,561	93,968
Total Assets	\$ 1,347,760	\$ 72,749,137	\$ 72,476,943	\$ 1,619,954
<u>Liabilities</u>				
Due to other funds	\$ 5,416	\$ 383	\$ 5,416	\$ 383
Due to other governments	1,342,344	72,748,754	72,471,527	1,619,571
Total Liabilities	\$ 1,347,760	\$ 72,749,137	\$ 72,476,943	\$ 1,619,954
<u>WATERSHED DISTRICTS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 15,529	\$ 915,789	\$ 919,883	\$ 11,435
<u>Liabilities</u>				
Due to other governments	\$ 15,529	\$ 915,789	\$ 919,883	\$ 11,435

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT C-1
(Continued)**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 1,648,606	\$ 74,155,366	\$ 73,923,410	\$ 1,880,562
Accounts receivable	16,440	14,421	16,440	14,421
Due from other funds	185,099	93,968	185,099	93,968
Due from other governments	-	67,577	-	67,577
Total Assets	<u>\$ 1,850,145</u>	<u>\$ 74,331,332</u>	<u>\$ 74,124,949</u>	<u>\$ 2,056,528</u>
<u>Liabilities</u>				
Accounts payable	\$ 22,438	\$ 106,497	\$ 109,473	\$ 19,462
Due to other funds	142,160	249,178	274,342	116,996
Due to other governments	1,685,547	73,975,657	73,741,134	1,920,070
Total Liabilities	<u>\$ 1,850,145</u>	<u>\$ 74,331,332</u>	<u>\$ 74,124,949</u>	<u>\$ 2,056,528</u>

This page was left blank intentionally.

OTHER SCHEDULES

This page was left blank intentionally.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT D-1

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total All Funds</u>
Shared Revenue			
State			
Highway users tax	\$ 6,240,520	\$ -	\$ 6,240,520
County program aid	2,364,446	-	2,364,446
PERA rate reimbursement	61,294	-	61,294
Disparity reduction credit	2,184,911	-	2,184,911
Disaster credits	169,534	-	169,534
Police aid	196,644	-	196,644
Market value credit	152,969	-	152,969
Disparity reduction aid	13,152	-	13,152
Total shared revenue	\$ 11,383,470	\$ -	\$ 11,383,470
Reimbursement for Services			
State			
Minnesota Department of Human Services	\$ 1,030,397	\$ 63,205	\$ 1,093,602
Payments			
Local			
Local	\$ -	\$ 9,506	\$ 9,506
Payments in lieu of taxes	35,174	-	35,174
Total payments	\$ 35,174	\$ 9,506	\$ 44,680
Grants			
State			
Minnesota Department/Board of			
Corrections	\$ 126,212	\$ -	\$ 126,212
Trial Courts	493	-	493
Public Safety	233,494	-	233,494
Transportation	745,455	3,225	748,680
Education	-	791	791
Health	-	693,402	693,402
Natural Resources	786,505	-	786,505
Human Services	2,993,330	166,002	3,159,332
Water and Soil Resources	61,820	-	61,820
Pollution Control Agency	-	146,176	146,176
Peace Officer Standards and Training Board	15,037	-	15,037
Total state	\$ 4,962,346	\$ 1,009,596	\$ 5,971,942

**CLAY COUNTY
MOORHEAD, MINNESOTA**

***EXHIBIT D-1
(Continued)***

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Governmental Funds	Enterprise Funds	Total All Funds
Grants (Continued)			
Federal			
Department of			
Agriculture	\$ 249,817	\$ 278,092	\$ 527,909
Commerce	32,317	-	32,317
Housing and Urban Development	93,747	-	93,747
Justice	167,504	7,587	175,091
Transportation	8,523	-	8,523
Health and Human Services	3,362,195	1,026,281	4,388,476
Homeland Security	91,689	-	91,689
Total federal	\$ 4,005,792	\$ 1,311,960	\$ 5,317,752
Total state and federal grants	\$ 8,968,138	\$ 2,321,556	\$ 11,289,694
Total Intergovernmental Revenue	\$ 21,417,179	\$ 2,394,267	\$ 23,811,446

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT D-2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Education		
Child Nutrition Cluster		
School Breakfast Program	10.553	\$ 13,007
National School Lunch Program	10.555	22,211
Passed Through Minnesota Department of Health		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	242,874
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	338,500
Total U.S. Department of Agriculture		\$ 616,592
U.S. Department of Commerce		
Passed Through the Department of Public Safety and the Headwaters Regional Development Commission		
Public Safety Interoperable Communications Grant Program	11.555	\$ 32,317
U.S. Department of Housing and Urban Development		
Passed Through Minnesota Department of Employment and Economic Development		
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 93,747
U.S. Department of Justice		
Passed Through Minnesota Department of Public Safety		
Juvenile Accountability Block Grants	16.523	\$ 7,587
Edward Byrne Memorial Justice Assistance Grant Program	16.738	35,139
Passed Through Minnesota Department of Public Safety and City of Moorhead		
Edward Byrne Memorial Formula Grant Program	16.579	35,800
(Total Edward Byrne Memorial Formula Grant Program 16.579 \$69,888)		
Direct		
Enhanced Training and Services to End Violence and Abuse of Women Later in Life	16.528	59,823
Edward Byrne Memorial Formula Grant Program	16.579	34,088
(Total Edward Byrne Memorial Formula Grant Program 16.579 \$69,888)		
Bulletproof Vest Partnership Program	16.607	2,654
Total U.S. Department of Justice		\$ 175,091

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT D-2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Transportation		
Passed Through Minnesota Department of Public Safety and City of Moorhead		
State and Community Highway Safety	20.600	\$ 5,816
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	<u>2,707</u>
Total U.S. Department of Transportation		<u>\$ 8,523</u>
U.S. Election Assistance Commission		
Passed Through Minnesota Secretary of State		
Help America Vote Act Requirements Payments	90.401	<u>\$ 9,231</u>
U.S. Department of Health and Human Services		
Passed Through National Association of County and City Health Officials		
Medical Reserve Corps Small Grant Program	93.008	\$ 4,018
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	93,719
Immunization Cooperative Agreements	93.268	2,950
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	1,875
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	13,875
PPHF 2012: National Public Health Improvement Initiative	93.507	5,359
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - Financed Solely by 2012 Prevention and Public Health Funds	93.531	548,450
Temporary Assistance for Needy Families (TANF) Cluster		
Temporary Assistance for Needy Families	93.558	95,565
(Total Temporary Assistance for Needy Families 93.558 \$711,972)		
Maternal and Child Health Services Block Grant to the States	93.994	70,451

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT D-2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services (Continued)		
Passed Through Minnesota Department of Human Services		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	57,440
Promoting Safe and Stable Families	93.556	14,067
Temporary Assistance for Needy Families (TANF) Cluster		
Temporary Assistance for Needy Families	93.558	616,407
(Total Temporary Assistance for Needy Families 93.558 \$711,972)		
Emergency Contingency Fund for Temporary Assistance for Needy Families		
(TANF) State Program - ARRA	93.714	723
Child Support Enforcement	93.563	978,876
Refugee and Entrance Assistance - State-Administered Programs	93.566	774
Child Care Development Block Grant	93.575	42,174
Stephanie Tubbs Jones Child Welfare Services Program	93.645	9,148
Foster Care - Title IV-E	93.658	385,993
Social Services Block Grant	93.667	437,103
Chafee Foster Care Independence Program	93.674	9,782
Children's Health Insurance Program	93.767	10,657
Medical Assistance Program	93.778	1,156,028
Block Grants for Prevention and Treatment of Substance Abuse	93.959	108,393
Total U.S. Department of Health and Human Services		\$ 4,663,827
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety		
Hazard Mitigation Grant	97.039	\$ 8,256
Emergency Management Performance Grants	97.042	8,411
Pre-Disaster Mitigation	97.047	13,605
Total U.S. Department of Homeland Security		\$ 30,272
Total Federal Awards		\$ 5,629,600

This page was left blank intentionally.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Clay County. The County's reporting entity is defined in Note 1 to the financial statements.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Clay County under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Clay County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Clay County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

4. Clusters

Clusters of programs are groupings of closely related programs that share common compliance requirements. Total expenditures by cluster are:

Child Nutrition Cluster	\$ 35,218
TANF Cluster	712,695

**CLAY COUNTY
MOORHEAD, MINNESOTA**

5. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 5,317,752
Grants received in 2006, recognized in 2013	
Help America Vote Act Requirements Payments (CFDA #90.401)	9,231
Grants received more than 60 days after year-end, deferred in 2013	
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (CFDA #10.561)	88,683
Temporary Assistance for Needy Families (CFDA #93.558)	21,726
Child Support Enforcement (CFDA #93.563)	107,644
Medical Assistance Program (CFDA #93.778)	150,113
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA #97.036)	81,358
Deferred in 2012, recognized as revenue in 2013	
Temporary Assistance for Needy Families (CFDA #93.558)	(2,293)
Foster Care - Title IV-E (CFDA #93.658)	(1,839)
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA #97.036)	(81,358)
Hazard Mitigation Grant (CFDA #97.039)	(61,417)
	<hr/>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 5,629,600</u>

6. Subrecipients

Of the expenditures presented in the schedule, Clay County provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	<u>\$ 93,747</u>

7. American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.